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The Commercial and
FINANCIAL CHRONICLE

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OUR REPORTER'S REPORT

The interval between now and April 12, when the Treasury launches its next enormous Victory Loan Drive, promises to produce the greatest activity of the year to date in the field of corporate underwriting.

And from a look at the calendar of prospective offerings, it appears that the Treasury is assured of a clear track for its April operation designed to raise at least $13,000,000,000 in new funds for financing of the war.

With the Erie RR.'s revised refinancing out of the way through the sale of its $10,000,000 of 1- to 10-year collateral notes yesterday, underwriters have immediately ahead of them the task of marketing two sizable public utility refunding issues, both recently approved by the Securities and Exchange Commission.

Bids are due to be opened tomorrow on the Public Service Co. of New Hampshire's $20,500,000 of 30-year first mortgage bonds, and it was indicated as the time drew near that at

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The Effect Of Inflation Upon The Values Of Securities

By DR. IVAN WRIGHT

Professor of Economics, Brooklyn College, Brooklyn, N. Y.

The cases and exhibits presented have been selected from the experiences of France and Germany after World War One and the experience of France 1789-1796.

The important questions which concern us are:

What is the situation in the United States at this time with respect to a dangerous inflation?

Will the inflation in this country differ materially from the inflations in other countries or other times?

How can savings and investments be protected against inflation?

How will the various forms of investments be affected in the value of their purchasing power?

What investments will probably furnish the greatest protection to purchasing power?

Are We in Danger of a Serious Inflation?

In answer to this question I will furnish you a few significant items of evidence. Our present currency outstanding is around $15,000,000,000. This is about three times the currency outstanding at the end of World War One in 1918. In addition to this increase in currency in circulation from June,

(Continued on page 1103)

Can America Conquer Inflation?

By Dr. Felix Bernstein

Editor's Note—Dr. Bernstein is Professor of Biometrics at New York University and was formerly Professor of Statistics and Actuarial Mathematics at the University of Goettingen. He was an adviser of the German Treasury and Reichsbank and was officially in charge of floating the first German loan after World War I, the unique provisions of which were devised by him:

How serious is the threat of inflation? Can we in this country prevent inflation? As one who has had practical experience in fighting inflation in the past, I will try to answer that question as forthrightly as possible.

I think I should at the very outset reassure those individuals who live in panicky fear that we may have here an inflation of the German postwar brand—an inflation during which the mark sank to infinitely low levels, while the dollar rose to astronomical heights.

That reassurance is simply this:

(Continued on page 1100)

Special Editorial Material Pertaining to Savings and Loan Associations Starts on Page 1106—The States of Colorado and Michigan Are Featured This Week

Program To Salvage Fiscal And Monetary Solvency

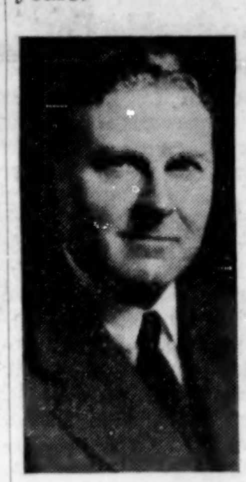
In an enlightening article appearing in the "Chronicle" of March 4, bearing the above caption, Dr. Walter E. Spahr, Professor of Economics, New York University, and Executive Secretary of the Economists' National Committee on Monetary Policy, condemned various moves leading us into serious inflation and expressed faith in our ability to carry our post-war national debt without backbreaking taxation or resorting to currency dilution in any form.

Recognizing the vital importance of this subject, which will obviously constitute the foremost of our post-war problems, the "Chronicle" invited comments regarding the views and beliefs expressed by Dr. Spahr in his article. A considerable number of letters which were received originally were given in the "Chronicle" of March 11th and 18th. Others are now given below, and the remaining ones which came to hand more recently will be published in the April 1st number.

JOHN J. ROWE

President, the Fifth Third Union Trust Co., Cincinnati, O.

Individual thrift and governmental thrift have, in my opinion, been disregarded for many years.



John J. Rowe

Debt is for most people to be avoided, and similarly our Government should follow the pattern of its previous history, namely, go into debt when necessary, but start getting out of debt as soon as possible.

The cornerstone of true Democracy is, in my opinion, that the Government is the servant of the people, and subject to the same rules of prudence and economy which govern individuals.

W. H. WOOD

Chairman of the Board, American Trust Company, Charlotte, N. C.

I agree with Dr. W. H. Spahr . . . it seems to me the only alternative would be some plan of diluting our present money in some way that would mean future devaluation of the dollar. I think we should avoid this if it is humanly possible.

Word H. Wood

No one knows how long the war will last or how much our debt will be. It will be colossal, we know that, and a difficult problem.

JOSEPH STAGG LAWRENCE

Vice-President, Empire Trust Co., New York City

Mr. Spahr has stated fairly the case for orthodoxy in the man-

(Continued on page 1104)

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PERSONNEL ITEMS

If you contemplate making additions to your personnel, please send in particulars to the Editor of the Financial Chronicle for publication in this column.

(Special to The Financial Chronicle)

CHICAGO, Ill.—**Daniel D. O'Connell**, formerly with the First Natnonal Bank of Chicago, is now connected with **Glore, Forgan & Co.**, 135 South La Salle Street.

(Special to The Financial Chronicle)

CINCINNATI, OHIO—**Lawrence G. Gessing** has rejoined the staff of **Edward Brockhaus & Co.**, Union Trust Building.

(Special to The Financial Chronicle)

INDIANAPOLIS, IND.—**Maurice D. Sims** has become affiliated with **Hemphill, Noyes & Co.**, Merchants Bank Building. Mr. Sims was formerly representative for Blyth & Co., Inc.

(Special to The Financial Chronicle)

ST. LOUIS, MO.—**Augusta M. Turner** is with **Reinholdt & Gardner**, 400 Locust Street.

Banks Indispensable Part Of Economy, Survey Says

Merrill Lynch, Pierce, Fenner & Beane, 70 Pine Street, New York City, members of the New York Stock Exchange and other leading national Exchanges, have just issued an attractive 44-page booklet entitled "The Bank Stock Survey—1943 Edition," which reviews the private and public functions of banks, recent developments in commercial banking which has improved their outlook, a detailed explanation of a typical statement of condition, and a discussion of bank stock analysis, in addition to other interesting material. Copies of this informative booklet may be had upon request from Merrill Lynch, Pierce, Fenner & Beane.

UGI Liquidation Plan Presents Profit Opportunity

The Securities and Exchange Commission has approved the plan of liquidation proposed by the United Gas Improvement Company and the value likely to accrue to common shares of the company under the plan makes an interesting current situation with attractive possibilities, according to a circular issued by Wertheim & Co., 120 Broadway, New York City, members of the New York Stock Exchange. Copies of this circular, containing a summary of the plan of liquidation and an estimate of the value of the common shares, may be had from Wertheim & Co. upon request.

P. F. Fox Elected Director Of STANY

P. Fred Fox of P. F. Fox & Co., 120 Broadway, New York City, has been unanimously elected to the Board of Directors of the Security Traders Association of New York.

St. Paul & Western Pacific Decisions Interesting

An interesting resume of the St. Paul and Western Pacific decisions has been prepared by Pflugfelder, Bampton & Rust, 61 Broadway, New York City, members of the New York Stock Exchange. Copies may be obtained by writing to Pflugfelder, Bampton & Rust.

Insurance Stock Earnings

An interesting bulletin on 1942 earnings and statistical comparison of insurance stocks has just been issued by Laird, Bissell & Meeds, 120 Broadway, New York City, members of the New York Stock Exchange. Copies of this bulletin are available on request from Laird, Bissell & Meeds.

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John Straley Joins Hugh W. Long & Co. As Syndicate Manager

Bawl Street Journal Editor John A. Straley has joined the firm of Hugh W. Long and Company, Incorporated as Syndicate Manager. He will be in general charge of sales promotion and dealer relations. The firm is national distributor of New York Stocks, Inc., Manhattan Bond Fund, and Fundamental Investors.

John A. Straley

Mr. Straley entered Wall Street in 1914 as an employee of William A. Read & Co., and became secretary to Clarence Dillon. He left Dillon, Read & Co., to join Shields & Co., Inc., where he was sales manager. During the last decade he has been prominently identified with the distribution of investment company shares and is well known for his serious articles on a variety of financial subjects as well as lighter topics.

Chas. Boigegrain Now With Keane & Co.

(Special to The Financial Chronicle)

DETROIT, MICH.—Charles J. Boigegrain has become affiliated with Keane & Company, Penobscot Building, members of the Detroit Stock Exchange. Mr. Boigegrain was formerly in charge of the trading department of the local office of Straus Securities Company. In the past he was in the trading department of John B. Dunbar & Co. of Chicago.

A. E. Loyd Exec.-Sec. Of NY Dealers Ass'n

Alfred E. Loyd has been appointed Executive Secretary of the New York Security Dealers Association, succeeding Henry H. Kohl. Mr. Loyd for nearly 40 years has been executive head of Alfred E. Loyd & Co., dealers in unlisted over-the-counter securities and specialists in out-of-town bank stocks, more recently located at White Plains, N. Y.

Henry H. Kohl, the retiring Executive Secretary of the Association, is now with Van Alstyne, Noel & Co., New York City.

Va. Pub. Serv. Looks Good

Preferred stock of the Virginia Public Service Company offers attractive possibilities according to a circular just issued by Ira Haupt & Co., 111 Broadway, New York City, members of the New York Stock Exchange and other leading national exchanges. Copies of the circular discussing the situation in detail may be had upon request from Ira Haupt & Co.

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Cayne, Ralston Co. Formed In Cleveland

CLEVELAND, OHIO — Announcement is made of the formation of Cayne, Ralston & Co., with new quarters at 2027 Union Commerce Building, as successors to M. A. Cayne & Co. Cayne, Ralston & Co. holds membership in the Cleveland Stock Exchange.

Partners in the firm are Morton A. Cayne, the firm's Exchange member; Frederick W. Smith, and George B. Ralston.

Wilber Wittenberg Is Now With Blyth & Co.

MINNEAPOLIS, MINN.—Blyth & Co., Inc., announce that Wilber W. Wittenberg has become associated with them as manager of their Minneapolis office, Northwestern Bank Building. Mr. Wittenberg, who has been in the investment business in Minneapolis for many years, was formerly proprietor of Wittenberg Merrick Co.

Harold Temple With Hemphill-Fenton Co.

PORTLAND, ORE.—Harold L. Temple has become associated with Hemphill, Fenton & Campbell, Inc., Porter Building. Mr. Temple was formerly Manager of the Municipal Department of A. D. Wakeman Co. In the past he was with Jaxtheimer & Co.

To Form J. B. Joseph & Co.

J. Bernard Joseph, member of the New York Stock Exchange, in partnership with Maurice Joseph will form J. Bernard Joseph & Co., effective April 1, 1943, with offices at 60 Beaver Street, New York City. Mr. Joseph has been an individual floor broker for many years.

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We anticipate a slackening in demand for all investments until the Second War Loan has been placed during the month of April. However, after that draft upon the cash resources of the country has been successfully absorbed, we believe that May will bring an increasing demand for sound dividend paying stocks of New England and especially Connecticut.—*Edward M. Bradley, President Edward M. Bradley & Co., Inc.*

MacMurdy Connected With Mitchell & Co.

Mitchell & Company, 120 Broadway, New York City, members of the Baltimore Stock Exchange, announce that John H. MacMurdy has become associated with them. Mr. MacMurdy has been in Wall Street for many years as head of his own investment business.

Dawn of a New Day in RR. Security Valuations

An interesting study has been prepared by Vilas & Hickey, 49 Wall Street, New York City, members of the New York Stock Exchange, entitled "The Dawn of a New Day in Railroad Security Valuations." Copies of this study may be had from Vilas & Hickey upon written request.

To Be N. Y. S. E. Members

Bruns, Nordeman & Co., 323 Broadway, New York City, will become members of the New York Stock Exchange as of April 1, when Jacques C. Nordeman acquires the Exchange membership of M. Hubert Hilder. Partners of the firm are J. Bowling Bruns, Jacques C. Nordeman, Alice M. Bruns, and Marion C. Nordeman.

Murty With Gruntal Co.

Gruntal & Co., 30 Broad Street, New York City, members of the New York Stock Exchange, announce the association with them of William J. Murty in their Municipal Bond Department. Mr. Murty was formerly associated with F. B. Eyre & Co. and prior thereto was manager of the municipal department of Lee, Ralli & Co.

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Our Reporter On "Governments"

By S. F. PORTER

The Government market is strong, quiet. . . . The minor reactions of the last few weeks mean nothing, indicate realignment of portfolios or just dealer activities rather than any important selling. . . . Firmness of the list is exceedingly pleasing considering the prospect for borrowing within a few weeks and gives us some idea of the extent of control these days. . . . All attention is centered on the pending deal, with selling groups arranging their structures, dealers figuring out potential customers and possible buying amounts and the authorities—the Federal Reserve and Treasury—set to tender whatever buying support will be necessary. . . . Treasury's sales of securities through the Reserve last month will give its trust accounts and agencies additional buying power to apply to April operation. . . . Same sentence may be written about the Reserve Open Market Committee. . . . So, the story of the Government market today may be boiled down to one sentence: "It's preparing and waiting for April 12." . . .

And on that subject, here's a point that deserves serious study, according to some of the most informed sources in the field. . . . Just how do the certificates of indebtedness line up in attractiveness with the longer-term notes and bonds? . . . Just what is the reason for accepting a ⅞% return on a one-year issue today when you can get 1¾% or 2% on a security, carrying a longer maturity, admittedly, but certain to get the same support as the shorter issue? . . . Why take them, if you don't need the protection of equivalent-to-cash at a moment's notce? . . .

These questions are asked with a definite answer in mind. . . . If you can't justify your purchase of shortest-term stuff on a basis other than "maximum caution," then you don't have a reason for confining your purchases to the ⅞s, experts believe. . . .

"SACRIFICE" OR SUCKERS?

The best way to handle this angle is to quote the remark of one of the most intelligent bond traders in New York:

"Any one who thinks he is protecting himself through purchase of the ceritficates now is a sucker," said he. . . . "The buyer may think he must make that sacrifice for the sake of his depositors or bondholders, but he's wrong. The preferable security by far is a longer-term bearing a more sensible interest return." . . .

That's strong language but it tells the tale. . . .

In April, we're going to be offered new ⅞% c.is, due April 1, 1944. . . . Banks may buy these up to $2,000,000,000 during the first three days of the drive—April 12, 13 and 14. . . . All other classes of investors may subscribe to the ceritficates during the entire period of the drive. . . .

At the same time, we're going to get 2% bonds due in 1952, callable in 1950, and 2½% bonds due in 1969, callable in 1964. . . . Banks can buy up to $2,000,000,000 of the 2s and may not buy any of the 2½s until April 15, 1953. . . . All other investors may buy what they want of any of the issues. . . .

It is entirely right that banks should buy the certificates and it may be entirely proper for a non-banking institution to pick up some of the c.is to employ its on-demand cash. . . But buying the c.is in large quantities is not the best sense. . . . If you compare the return on the 1¾s of 1948 with the ⅞s of 1944, you'll see the whole point. . . .

As for support, the question here may be answered simply by a quick analysis of the current situation. . . .

For the time being, any serious decline in the 10-year bracket is unthinkable. . . . It just can't be permitted to happen and, therefore, won't happen. . . .

Perhaps years from now, when the war is over and the control is relaxed—which doesn't seem likely even then—there may be reason for going back to the old rules of "shorts for protection and caution" and "longs for earnings."

(Continued on page 1112)

WE TAKE PLEASURE IN ANNOUNCING
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(Special to The Financial Chronicle)

CHICAGO, ILL. — George H. Willis & Co. has been formed with offices at 209 South La Salle Street, to engage in a general securities business. Partners in the firm are George H. Willis and Priscilla D. Willis. Mr. Willis was formerly for many years with The First Boston Corporation.

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Because of the nature of this security, usually a much larger yield can be obtained than that on fee bonds. We believe that this type of bond, if selected carefully, can be the means of a good income and is worth the speculation.

Several leasehold bonds have actually been called before maturity, among them the well-known Chrysler Building, Postum Building and Millinery Center Building.

Some leasehold bonds have never failed to make large interest payments since the date they were issued, such as the 5% Graybar Building bonds issued in 1928; the 6% Marcy Hotel bonds also issued in 1928 and the 7% Broadway & 38th Street Corporation bonds issued in 1925.

At current market price of the Broadway & 38th Street bonds, a yield of almost 14% is obtainable. The feature of the bonds is the large reduction of the bond issue. Bonds outstanding amount to only $680,000, compared to $2,000,000 originally issued. It is interesting to compare the present outstanding bond issue with the cost of the building, which amounted to $2,640,000. The bonds are secured by a first mortgage on the lease of the land on the southwest corner of Broadway (104 feet) and 38th Street (174.6 feet) and the 23-story store, office and showroom building erected thereon. Land comprises about 19,000 square feet and the building has a rentable area of approximately 345,600 square feet. Land is held under a 21-year lease with two renewals of 21 years each at a rental of $138,000 per annum plus real estate and other taxes. Land is free of liens and no mortgage can be placed on either land or building ranking prior to or ratably with the rights under the lease.

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Since July, 1938, the owners have taken advantage of the New York State Mortgage Moratorium Act and have not met sinking fund requirement of $110,000 per annum. However, this law now requires that the principal of a mortgage must be reduced at least 1% per annum.

Of course, like many fee issues, some leasehold bonds have had to be reorganized. Since reorganization these issues have continued to offer high yields.

As an example—the following resume of two reorganized leasehold loans:

National Tower Building—First mortgage on land part owned in fee and part leasehold at the corner of 37th Street and Broadway, and 12-story mercantile building erected thereon. Building has a rentable area of 436,000 square feet. Issue reorganized in 1937. Bonds due 1949. Interest payments made promptly since reorganization and paid to date. Originally issued, $2,000,000. Bonds outstanding $949,000. **Feature of Issue:** $50,000 par value bonds retired per annum and large reduction in outstanding issue. **Current yield 10%.**

1400 Broadway. First mortgage on lease of land on the northeast corner of Broadway and 38th Street and the 35-story mercantile building erected thereon in 1930. Issue reorganized in 1938. Bonds due 1948. Interest rate 4½% to 1946; 5% thereafter. Interest payments made promptly since reorganization and paid to date. Originally issued, $3,700,000. Bonds outstanding $3,300,000. **Feature of issue:** $100,000 par amount of bonds retired per annum. **Current yield 10%.**

Among leasehold bonds are 40 Wall Street, Herald Square Building, Broadway Motors Building, 1410 Broadway, Broadway & 41st Street, 80 Broad Street, 11 West 42nd Street, Waldorf Astoria Hotel and many others.

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Hill, Thompson & Co., Inc., 120 Broadway, New York City, because of the shortage of manpower in the securities industry, have at the request of many dealers instituted a new idea for dealers only. They will furnish to interested dealers a supply of memorandums on special situations without their imprint so that the dealer may affix his own name for distribution to his customers. Currently they have available memorandums on Quaker City Cold Storage first mortgage 5s of 1953 and American Business Credit Corp. class A stock. Others are in preparation.

Seaboard Air Line RR. Looks Good

A most interesting comparison of the 1942 earnings of various railroads compared with those of Seaboard Air Line has been prepared by L. H. Rothchild & Co., 11 Wall Street, New York City. Copies of this comparison may be had from the firm upon request.

Can America Conquer Inflation?

(Continued from first page)

There is absolutely no comparison between the situation existing in Germany at that time and the present situation here in the United States. The luckless Weimar Republic from the very start was subjected to intolerable pressure from within and without. Every countermeasure undertaken against inflation was a victim of some blow or other coming from some unexpected angle. And when, with infinite deligence the authorities finally established a kind of semi-stabilization, the military invasion of the industrial Ruhr district destroyed the delicate equilibrium and hopelessly doomed the mark.

It may well be admitted that it was scarcely possible to prevent or control inflation in a country defeated and hard pressed by its former enemies, and this admission affords the quite able financial leaders of the German post-war Republic ample exoneration. In contrast, however, it would be simply a public crime to permit inflation to develop here in a country which is on the road to victory.

Nevertheless it must be admitted frankly that this country already has suffered initial defeats in its battle with inflation. It is moreover quite conceivable that further and worse reverses will be experienced before the proper steps are taken—measures which as yet have not been adopted.

What are the proper measures?

That question can be answered only when the facts which are responsible for the continued trend towards inflation are briefly analyzed. There is little disagreement among competent students of the subject.

In the years from 1939 to 1943, war expenditures rose from $16,000,000,000 to $74,000,000,000, and will go still higher to reach the gigantic figure of $97,000,000,000 during the fiscal year, 1943-1944, beginning July 1, 1943. These enormous figures have produced a budgetary deficit which, for the current fiscal year 1942-1943, is estimated at $57,500,000,000 and which, without the new taxes now before Congress, would rise to $71,000,000,000 during the next fiscal year 1943-1944. With the $16,000,000,000 tax bill now before Congress in effect the deficit next year would be reduced to $55,000,000,000.

These large deficits are the main cause of the trend toward inflation.

What is the effect of these deficits on the national economy? The effect is easily understood when one realizes that these large sums represent government spending not covered by tax receipts. In order to finance these enormous deficits, the government can borrow from the people so long as the people still possess the means which they are willing to invest in government bonds. When, however, this process does not cover the whole deficit, then the government has no way of closing the gap other than by creating new money (or its equivalent in bank deposits) and pumping it into the channels of trade. Thus 39% of the borrowed total of $13,000,000,000 in December, 1942, was borrowed from the banks. This 39%, amounting to $5,200,000,000, represents the equivalent of fiat money created in the one month of December, 1942. These are the facts which we have to face.

The effect of this newly created deposit money is to produce an upward pressure against all prices. This pressure, of course, does not depend only on the amount of the funds injected into the blood stream of the economy, but also on the spot where they are injected and on the velocity of their subsequent circulation.

The velocity of the circulation, judging from reports of the Federal Reserve, has not heretofore been very high. In many cases the new money has been used simply to wipe out old debts. The repayment of these debts created an investment problem, but did not make for speed of circulation of the newly created money and therefore did not add to the pressure on prices of consumer goods. But newly created funds otherwise used are already exerting a strong upward pressure on the prices of consumer goods which the wage earner buys, in particular on the prices of food.

The policy of the government itself bears part of the responsibility for the fact that the inflationary rise in prices has met so little resistance. The government has allowed a rise of the farm income of 71%. Wages of industrial labor have risen from $7,500,000,000 to $9,500,000,000. The increase in industrial wages has been so great that it has produced a labor shortage in agricultural areas which is now estimated at 30%, and which will be further accentuated by the increasing military draft.

Naturally also, individual employers and large corporations have received their share from the new money. With the unprecedented taxation of corporations and individuals with higher incomes, however, the wealthier groups in our population have not made the large gains which they enjoyed during the last war. Stockholders of the many large companies have not appreciably benefited. The new buying power created by borrowing from the banks, therefore, resides mainly with the wage earners in the defense industries and with the the farmers.

With these facts clearly in mind, we can easily see what could and should be done to prevent further inflation. First, let it be said that price regulation is not likely to prevent or halt inflation. It has proven impossible to extend price regulation to wages, and to the basic agricultural production, but even if we could expect some progress in this direction in the future, we cannot wait until this is accomplished. Price regulation, as we have seen it, and as we see it at work now, has not and never has in any past experience proven an adequate means of stopping inflation.

As long as sufficient stocks are at hand price regulation may seem to be working well. Since, however, price regulation does not extend to all items entering into costs of production, stocks of goods cannot be replenished at prevailing prices. Production, becoming largely unprofitable, ceases, or at least lags and supplies dwindle, with part of them sucked up by black markets. Then prices have to be raised. But with the stocks near exhaustion and production reduced, rationing has to be introduced, and under this system there must be more and more rationing and the distribution of smaller and smaller quantities of goods, and for these diminished quantities of goods competes an ever increasing buying power of the public.

But it is against common sense to assume when the first line of defense against creation of new buying power was breached by the farm-bloc and by labor, that a second line of defense will hold. You cannot place dynamite in the hands of an ever enlarging crowd and prevent its use. That second line of defense will be broken easily, probably with a rise of a criminal black market. This is no approach to the problem of inflation.

But what is the proper approach to the problem of inflation?

The right and only method is to absorb this newly created money quickly, and to prevent further creation of it as far as possible.

(Continued on page 1112)

Tomorrow's Markets Walter Whyte Says——

Ability of market to show four rallies in a month without cracking has bullish implications. An inflationary blaze fed by a short-sighted Congress can now burst into flame any day.

By WALTER WHYTE

If the market hasn't done anything outstanding in the last seven days it has brought out all the tips that used to circulate so widely in the old days. And like all tips these are naturally bullish. For market tips to attract audiences have to be bullish.

* * *

Tell anyone that his stock, or the market trend, doesn't look good and right away you're looked upon as a crackpot or a subversive influence with unpatriotic motives. It's the way of the world summed up in those lines: "Laugh, and the world laughs with you. Cry, and you cry alone."

* * *

Yet, despite the preponderance of latent market optimism, the market, oddly enough, possesses a quality that is not bearish. I called attention to this change in last week's column, though I'll admit I didn't trust it.

* * *

An up market with a bullish public has always been a dangerous combination to me. But if there is one thing I've learned it is never to argue with markets. Either you accept them as they are or you leave them alone.

* * *

As this is being typed the Dow figures are once again across the 130 point. This is the fourth time in the last month that the widely watched averages have done this. Ordinarily such action is not good. It frequently precedes a market break brought about by various factors, the most important of which is a heavily overbought public. Sometimes it also precedes the beginning of a bear trend. But these are not ordinary times. There's a war going on and there are changes in our domestic picture, all of which the market tries to mirror.

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For months I have believed a war Congress would forget its party and personal interests to work together in national harmony. I thought the lessons of a pre-Hitler French Chamber of Deputies would be kept in mind and the mistakes would not be repeated. Obviously I am wrong. Inflation, perhaps wild inflation, is in the cards. Price ceilings are now merely something for prices to go through. The OPA, handcuffed by lack of funds, is waging a losing battle. The farm bloc, under the guise of parity, is winning its fight to raise farm prices. Labor and its Little Steel formula is also on the rampage. The answer is that, despite the efforts of the Government to keep prices in check, inflation is around the corner.

* * *

I have been walking on egg shells for the past four weeks refusing to recognize the signs that are now becoming apparent. The market, I reasoned, is in trouble. The public is in. So, while I don't know when and if the crack will come, I'll take it easy.

* * *

Of course I knew that the public was in the market on a cash position. But that didn't influence me. The feeling of security one gets from buying stocks outright has, in my experience, been a false one. But there are certain indications it would be stupid to disregard.

* * *

Here we see a market which to all intents and purposes has made a top. But instead of deteriorating into a lackadaisical affair with prices backing off from previous highs and little leaks developing in the list we have a strange picture in which the market stands up there inviting people to take profits. I know the market is no be-

(Continued on page 1102)

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RAILROAD REORGANIZATION SECURITIES

RAILROAD SECURITIES

One of the most pronounced effects of the Supreme Court railroad reorganization decisions handed down on Monday, March 15, was the immediate sharp rise of approximately 25% in quotations for Western Pacific first 5s, 1946. This plan was upheld in its entirety by the court and "when issued" trading in the new securities was instituted the next day.

By the end of the week the new income 4½s, carrying accumulations of 18% for back interest, were bid at 71. This represented a "net" price of 53 or just slightly below the current "net" price for the Erie income bonds which have actually been outstanding for nearly a year and a half. Considering the proposed new capital set up of Western Pacific, and the general feeling that by the time of consummation of reorganization there may be no fixed interest mortgage ranking ahead of the 4½% incomes, a net price of 53 appears low on a long-term basis. Nevertheless, from a trading viewpoint, considering the general market level and the fact that the bonds are completely unseasoned, there would not appear to be any considerable speculative appeal left in the new income bonds.

Much the same is true of the preferred stock which was bid at 43 by the end of the week. It is indicated that there are accrued dividends of about $11 a share on this senior equity which would work out to a "net" evaluation of 32. The past earnings record of the preferred is not inspiring. There are extenuating circumstances in that the record for many years was distorted by extraordinary rehabilitation costs which have now resulted in a far greater operating efficiency and which should add permanently to the earning power of the stock. Also, industrial development in parts of the service area are considered to have improved the fundamental long-term prospects of the property. However, it seems optimistic to expect that these considerations, not subject to accurate measurement or definite proof, can have much market influence over the near term. The common stock was bid at 14¾ at the end of last week.

On the basis of the above quotations, the old 5s, 1946, had an indicated value of approximately 61⅛. The old bonds were selling at 57 to afford an arbitrage spread of only a little better than 7%. Appreciation from here on will be confined to the gradual closing of this arbitrage spread as the plan is consummated, plus any further advance there may be in prices for the new "when issued" securities. As stated above, there appears to be little likelihood of further substantial appreciation in the new income 4½s and 5% preferred stock over the near, and perhaps intermediate, term.

The common stock, however, does appear to have further price enhancement potentialities between now and the probable date of consummation of the plan, which might be late this year. Each point rise in the common stock would add only about a half point to the value of the old 5s, 1946. These old bonds are allocated 4.67 shares of new common, in addition to $400 of new income 4½s and $600 in new preferred. As the new common is the only one of the new securities which seems likely to advance materially from current levels at this time, and price appreciation in the old bonds is largely dependent on further advances in the new securities, holders of the old first 5s would improve their appreciation prospects materially by switching into the "when issued" new common.

Western Pacific has been one of the most phenominal beneficiaries of the war traffic, and the excellent physical condition into which the properties had been put during the trusteeship has allowed the management to carry through a particularly large proportion of the revenue gains to net. Last year it is indicated that earnings on the new common amounted to roundly $18 a share after the additions and betterment deductions but before making adjustments for the increased taxes that will accrue on the new capitalization. During the latter part of January it is believed that operations were adversely affected by weather conditions. Even at that net operating income increased 150% over a year ago to $515,000. Certainly earnings this year should top $23 a share on the new common and even under present conditions a reorganization common stock should be entitled to sell at least at its annual earnings.

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Formation of Louis H. Whitehead Co. was previously reported in the "Chronicle" of March 11.

Central NJ Looks Good

The current situation in general first mortgage 5s and 4s (coupon and registered) of the Central RR. of New Jersey offers interesting possibilities, according to Ward & Co., 120 Broadway, New York City. Special reports prepared by the Research Department will be mailed upon request by Ward & Co.

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Bank and Insurance Stocks

This Week — Bank Stocks

By E. A. VAN DEUSEN

Many students of bank stocks make it a practice to watch the weekly deposit totals of New York City Clearing House banks in order to observe their growth or decline. This is done on the theory that the relative progress of the different banks throughout the year can thus be appraised.

To some extent this is true, since the earning assets of banks tend to parallel the course of their deposits. But discrimination and judgment must be exercised, for the earnings characteristics of the different banks are quite dissimilar, and furthermore, such other factors in the general situation as excess reserves, for example, have to be given consideration. Nevertheless, the weekly deposit figures can serve as a helpful index.

For the week ending Dec. 30, 1942, net deposit totals of New York City Clearing House banks were reported at $19,857,499,000, and for the week ending March 11, 1943, $19,145,879,000. The decline between the two dates amounted to $711,620,000 or 3.6%. Over the same period total loans and investments of New York City Federal Reserve Member Banks moved from $16,642,000,000 to $16,242,000,000, a decline of 2.4%. The closeness of the percentage declines is striking especially since the two groups of banks are not identical. In the main, however, both groups comprise the same list of leading banks and trust companies, with relatively minor exceptions.

It is now of interest to turn to a period in which a substantial expansion in deposits and earning assets occurred, viz: the last quarter of 1942, which period includes the Government's December financing program. Net deposits of Clearing House banks were reported at $16,934,512,000 on Oct. 1, 1942 and $19,857,499,000 on Dec. 30, 1942. Over the same period total loans and investments of New York City Member banks moved from $13,980,000,000 to $16,642,000,000. Again, the percentage movement of the two sets of figures are closely comparable being +17.5% for deposits and +19.0% for loans and investments.

The experience of individual banks within these groups, however, was quite varied, though all followed the same upward trend, as the following examples indicate:

	Deposits Reported by Clearing House		%
	Oct. 1, 1942	Dec. 30, 1942	Increase
Bank of Manhattan	$795,258,000	$827,545,000	+ 4.1
Chase National	3,452,011,000	4,001,720,000	+15.9
Corn Exchange	412,473,000	496,511,000	+20.4
Irving Trust	784,744,000	870,435,000	+10.9
Manufacturers Trust	1,036,753,000	1,209,337,000	+16.6
National City	2,861,820,000	3,412,267,000	+19.2

	Earning Assets Reported on Balance Sheets		%
	Sept. 30, 1942	Dec. 31, 1942	Increase
Bank of Manhattan	$655,763,000	$711,127,000	+ 8.4
Chase National	2,939,298,000	3,422,368,000	+16.4
Corn Exchange	344,932,000	414,384,000	+20.1
Irving Trust	708,093,000	793,498,000	+12.1
Manufacturers Trust	866,123,000	1,042,879,000	+20.4
National City	2,465,362,000	2,958,809,000	+20.0

It will be noted that the percent growth of earning assets approximates very closely that of deposits with the exception of Bank of Manhattan and Manufacturers Trust, in which instances earning assets expanded considerably faster than deposits. This was occasioned by the fact that, as of 10/1/42, a lower percentage of their reported deposits were invested in loans and securities than in the case of the other four banks, while on Dec. 30, they were up to the average of the group.

It is significant that all of these banks showed higher operating earnings in 1942 than in 1941, and furthermore, that their "indicated earnings," as calculated from their balance sheets, were higher for the fourth quarter of 1942 than for the third quarter, and also than for the fourth quarter of 1941. However, the effect of an expansion in earning assets on the net operating profits of the various banks is anything but uniform. With one bank net profits for a year on $1,000,000 might be $15,000, and with another bank only $5,000. The following tabulation serves to illustrate this point.

	% Earned on Earning Assets, 1942 (Net Operating Profits)
Bank of Manhattan	0.67%
Bank of New York	0.62
Bankers Trust	0.90
Central Hanover	0.62
Chase National	0.49
Chemical	0.75
Corn Exchange	0.79
First National	1.73
Guaranty	0.77
Irving Trust	0.69
Manufacturers Trust	0.87
National City	0.60
New York Trust	0.73
Public National	0.76
United States Trust	1.62
Average	0.84

It will be noted that Chase National received the lowest net return of 0.49%, First National the highest of 1.73%, while Manufacturers Trust with 0.87% ran about average. These percentages are calculated against earning assets as reported at the mid-year, rather than at the beginning of the year or at the year-end, in order to obtain a simple yet fair approximation of the year's average.

In 1941 the average net return, on a lower volume of earning assets, was slightly higher viz: 0.87%. Presumably in 1943, due to higher taxes and expenses, and also to the changing character of earning assets, the net return will average lower than in 1942. But the volume of earning assets, augmented by the war financing program of the Government, will undoubtedly be sufficiently greater to produce higher net operating profits per share of stock despite the lower rate of net return.

By all means the student of bank stocks should study the Clearing House reports on deposits week by week. But he should also bear in mind the low rate of return which the banks will net on the Government's war issues, as well as the strikingly divergent profit results netted by each bank last year, as tabulated above.

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Tomorrow's Markets Walter Whyte Says—

(Continued from page 1101)

nevolent affair. Prices don't stay up there unless they mean to go higher. Even reactions are small. A one-day sell-off which threatens to become something bigger stops after one market session and is either followed by dullness or outright rally. The answer is that the present market does not act like a "coming down" market.

* * *

Technicians will tell you that bear markets don't go down like bull markets go up. The characteristics are entirely different. Yet this market has the characteristics of a bear market in its latent intensity. There is only one answer to this. The panic attendant a market break is now being built up for a market upsurge. In simple language it means a strong market with panic influences dominating the advance. All the signs of the past week show too much force underneath to check this rise any further.

* * *

I am afraid the explosion will come soon. Feeling that way, I suppose I should advise readers to jump in and buy any old stocks. Unfortunately I can't bring myself to this. For even in a wild inflationary market there will be stocks that will not go up as much as the market.

* * *

A few sentences back I said I am afraid the explosion will come soon. I say "afraid" because the aftermath of such an explosion is nothing to cheer about. It will bring results that may well prove more damaging than any temporary monetary profits.

* * *

Last week this column recommended raising of stops in the stocks held by readers. Of the six mentioned, one, Air Reduction, broke its figure of 43. You originally bought this at 30. You can figure your own profit. Of the others the stops still hold. I repeat them: Bethlehem Steel 61, Goodyear 31, Harvester 62, Superheater 15 and U. S. Steel 52.

* * *

More next Thursday.

—Walter Whyte

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

Safanie Resigns

Murray D. Safanie resigned on March 11 as a member of the Board of Governors of the New York Stock Exchange.

DIVIDEND NOTICES

THE GARLOCK PACKING COMPANY

March 17, 1943

COMMON DIVIDEND No. 267

At a special meeting of the Board of Directors, held in Buffalo, N. Y., this day, a dividend of 50¢ per share was declared on the common stock of the Company, payable March 31, 1943, to stockholders of record at the close of business March 20, 1943.

R. M. WAPLES, *Secretary*

National Power & Light Company

$6 PREFERRED STOCK DIVIDEND

The regular quarterly dividend of $1.50 per share on the $6 Preferred Stock of National Power & Light Company has been declared for payment May 1, 1943, to holders of record at the close of business April 15, 1943.

ALEXANDER SIMPSON, *Treasurer.*

PACIFIC GAS AND ELECTRIC CO.

DIVIDEND NOTICE

Common Stock Dividend No. 109

A cash dividend declared by the Board of Directors on March 17, 1943, for the quarter ending March 31, 1943, equal to 2% of its par value, will be paid upon the Common Capital Stock of this Company by check on April 15, 1943, to shareholders of record at the close of business on March 31, 1943. The Transfer Books will not be closed.

E. J. BECKETT, *Treasurer*

San Francisco, California

SOUTHERN RAILWAY COMPANY

New York, February 23, 1943.

A dividend of Two Dollars ($2.00) per share on 1,298,200 shares of Common stock of Southern Railway Company, without par value, has today been declared, out of the surplus of net profits of the Company for the fiscal year ended December 31, 1942, payable on Thursday, April 1, 1943, to stockholders of record at the close of business Monday, March 8, 1943.

Cheques in payment of this dividend will be mailed to all stockholders of record at the addresses as they appear on the books of the Company unless otherwise instructed in writing.

C. E. A. McCARTHY,
Vice-President and Secretary.

UNITED STATES SMELTING REFINING AND MINING COMPANY

The Directors have declared a quarterly dividend of 1¾% (87½ cents per share) on the Preferred Capital Stock, and a dividend of seventy-five cents (75¢) per share on the Common Capital Stock, both payable on April 15, 1943 to stockholders of record at the close of business April 1, 1943.

GEORGE MIXTER,
March 23, 1943 *Treasurer.*

Evers Mgr. in Stamford For Merrill Lynch Firm

STAMFORD, CONN.—Merrill Lynch, Pierce, Fenner & Beane announce that Donald W. Evers has become associated with them. Mr. Evers will be manager of the Stamford, Conn., office which has been enlarged with a view to broadening the activities of the firm in that city.

Mr. Evers was formerly proprietor of The Donald W. Evers Company. In the past he was with Reynolds Co. and Arthur B. Treman & Co.

MEETING NOTICES

New York & Honduras Rosario Mining Company

NOTICE OF STOCKHOLDERS' ANNUAL MEETING

The Annual Meeting of the Stockholders of NEW YORK AND HONDURAS ROSARIO MINING COMPANY will be held at the office of the Company, at Rooms 1855-1859, No. 120 Broadway, New York, N. Y., on Wednesday, April 7, 1943, at two o'clock P. M., to consider and act upon the following matters:

1. The election of ten Directors for the ensuing year;
2. Continuing the employment of Ernst & Ernst as the Company's auditors;
3. The transaction of such other business as may properly come before the meeting.

For the purpose of the meeting, the transfer books of the Company will be closed from noon, March 27, 1943, until ten A. M., April 8, 1943.

BY ORDER OF THE BOARD OF DIRECTORS
J. PERLMAN, Secretary.
Dated March 24, 1943.

VANADIUM CORPORATION OF AMERICA

420 Lexington Avenue, New York, N. Y.
March 22, 1943.

At a meeting of the Board of Directors held today a dividend of twenty-five cents per share was declared, payable April 10, 1943, to stockholders of record at 3:00 o'clock p. m., April 1, 1943. Checks will be mailed.

P. J. GIBBONS, Secretary.

Effect Of Inflation Upon The Values Of Securities

(Continued from first page)

1940, to December, 1942, demand deposits of reporting member banks in New York increased 15%, and in banks outside of New York, 60%. During the first 30 months of war finance demand deposits of the reporting member banks have increased about 50%, which is not out of line with the increase in production. The banks, however, are of necessity steadily increasing their holdings of Federal securities and deposit liabilities resulting therefrom. The commercial bank holdings of direct United States obligations and obligations guaranteed by the U. S. Government increased $9,000,000,000 from June 30 to December, 1942. A further increase of more than $2,000,000,000 in December was expected.

These purchases of Government bonds by the commercial banks represent for the most part manufactured bank credit produced by deficit Government financing, the total amount of which is now well above $35,000,000,000 and undoubtedly headed for much higher levels. This manufactured purchasing power is very inflationary unless recaptured promptly by taxes, forced savings or in some other way controlled.

Our Federal Debt

It has been estimated by a careful examination of the present known facts that the gross public debt of the Federal Government will reach about $220,000,000,000 during the fiscal year beginning July 1, 1943, and this takes into consideration the present tax structure and the probable outlays for war purposes. The total spending for war purposes for the coming year is estimated at $100,000,000,000 against $78,000,000,000 for the current fiscal year. Non-war spending will increase some of necessity. The increase in the interest on the public debt alone will be about $900,000,000. In spite of the increasing taxes the estimated deficits for the fiscal year 1943 and 1944, respectively, will be about $62,000,000,000 and $77,000,000,000. All of these deficits must be paid for now by the purchase of Government bonds either by the public or by the banks. The purchases by the public for cash will reduce savings and money available for immediate spending and thereby help hold inflation back for a time. The purchases by the commercial banks must be largely with manufactured credit and thereby increase the inflation dangers.

Present Prices and Purchasing Power

According to the U. S. Bureau of Labor (using August, 1939, as a base of 100), on Aug. 31, 1942, the price of foods had risen to 186, and industrial products to 153.1. These prices have advanced sharply during the past six months in many instances, and the index is undoubtedly much higher at this time.

The National Industrial Conference Board finds that using August, 1939, as a base of 100, that the combined cost of living had reached 118.6 in November of 1942.

It is estimated that the difference between the spending power in the hands of the public and

(Continued on page 1110)

THE
BANK STOCK
SURVEY
1943 EDITION
MERRILL LYNCH, PIERCE, FENNER & BEANE
70 PINE STREET, NEW YORK

BANKS

The 15,000 banks of the U. S. have 75,000,000 depositors and hundreds of thousands of stockholders. Most people in the country do business with a bank . . . from the farmer who finances his fertilizer purchases through a bank loan to the school child who pushes his dime through the wicket for a war stamp. Banks are more than ever before an important part of our daily life . . . and their increasing role in war financing is winning for them an enhanced respect and admiration.

. . . *and* BANK STOCKS

For the last ten years banks have been under discouraging influences, which were naturally reflected in their earnings.

But . . .

— *Do you know what is happening to bank earnings* NOW?

— *Do you know* WHY?

— *What is the dividend outlook for bank stocks?*

— *What is the post-war picture?*

— *In short, are bank stocks a* GOOD INVESTMENT *today?*

The answers to these questions and many others — plus facts and figures on more than 40 of the nation's important banks — are contained in our new Bank Stock Survey. A careful study of it should enable you to determine whether securities in this field are a sound investment for your requirements.

A copy of this survey will be sent on request without cost or obligation.
Write or telephone Department "C"

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Investment Trusts

"The Shape of Things to Come"

Borrowing the above title from H. G. Wells, Calvin Bullock's current issue of **Perspective** paints in broad outline our post-war industrial future. Point is made of the tremendous stimulation that war imparts to the development of new inventions and improved techniques.

"Research activities which in peacetime would ordinarily take years from test tube or planning board to commercial exploitation have been compressed into the space of months as a result of the demands and disruptions of war. Short-cut methods are of partmount importance. With military needs taking precedence over all others, the full benefits of these developments will not be felt by the civilian population until the conflict has been brought to a successful conclusion."

No detailed predictions are attempted. However, the bulletin draws a challenging conclusion of which the following shrewd observations are a part:

"History shows that great upheavals and industrial revolutions such as may well come about after the war inevitably cause some casulaties. Those who keep abreast of the march of events go on to greater prosperity; those who do not fall by the wayside. It is during such periods that new industries are born and the coming era, according to all indications, will be no exception. Not only will be post-war period bring about many infant industries but many venerable businesses will enter a period of industrial second childhood."

* * *

Among the items discussed in the last issue of Hugh W. Long & Co.'s **New York Letter** is the performance record of Fundamental Investors since Dunkirk. In the nearly three years since that fateful event Fundamental has consistently and substantially out-performed the Dow-Jones Industrial Average. For the entire period Fundamental, with no adjustment for dividends paid, has risen 49.5%. This compares with a rise of 16.7% for the Dow-Jones Industrials. In addition, Fundamental has provided the investor with a yield of better than 6% during this difficult period.

Another item reported in the Long Company **Letter** which will be welcome news to dealers and investors alike has to do with the form of future dividend checks. In the past, dividend checks of investment companies have been required to carry a demand for information as to ownership on the reverse side. The Treasury Department, which had required this ownership certificate and had specified the wording to be used, has altered its regulations. "As a result," states the **Letter**, "this obligation no longer applies to such companies as those we represent." (Long Company sponsorship includes New York Stocks, Inc., Manhattan Bond Fund, Inc., and Fundamental Investors, Inc.)

* * *

In a memorandum, "Low-Priced Bonds in a Bull Market," National Securities & Research Corp. compares the performance of National Low-Priced Bond Series with the movements of the Dow-Jones Industrial Average for both a longer period and also for the first two months of this year. In each period the Low-Priced Bond Series outdistanced the Industrial Average which, it must be remembered, is an index of stock prices. In the longer period extending from Aug. 22, 1940 to March 1, 1943 the Low-Priced Bond Series gained almost a third over the Dow-Jones Average.

This sponsor's March 18 issue of **Investment Timing** analyzes the Supreme Court's decision in the "St. Paul" rail reorganization case. Of the itemized conclusions as to the effects of the decision, we particularly like No. 3—"It practically eliminates the basis for unsound speculation in stocks of insolvent railroads; it emphasizes anew the necessity of applying sound investment criteria; and it should make for sounder underlying conditions in the securities markets."

This same bulletin forecasts the immediate trend of stock prices as follows:

"Indications of strong resistance to further advance have, this week, begun to be accompanied by indications that public enthusiasm for the market was waning a little. The protective stop of 128 on the Dow-Jones Industrial Stock Average should be retained. New long commitments should not be entered upon at the present time unless the buyer is willing to assume the risk of having to sell at a loss to carry them through a serious reaction."

"Inflation Hedge Stocks" is the title of another Keystone folder. Simple, direct, and attractively printed in two colors, the folder tells the story of Keystone Custodian Fund "S4" in convincing fashion. For example, here is the thumbnail description of the class of stocks included.

"Certain common stocks, because of volatile earnings experience or leverage in their capital structure, move much faster marketwise than the average common stock. They move up faster, percentagewise, on advances—and down faster on declines.

(Continued on page 1105)

General Bond Shares

A Class of Group Securities, Inc.

Prospectus on Request

DISTRIBUTORS GROUP, INCORPORATED
63 WALL STREET—NEW YORK

Municipal News & Notes

Road and bridge bonds of 58 counties, having an aggregate value of $10,249,300, now may be pledged as security for Kentucky State funds on deposit in banks serving as official depositaries, it was announced recently by Harry R. Lynn, State Local Finance Officer. Mr. Lynn's statement was made after the Kentucky County Debt Commission declared the issues eligible for pledging by the banks under authority granted by a 1942 General Assembly Act.

Pointing out that this is the first time that road and bridge bonds of any county had been approved for use as such collateral, Mr. Lynn observed that one of the effects of the Act would be "the building of a better market for the county bonds." Counties with better credit rating, he said, would be able to refinance their indebtedness at lower interest cost.

The approved bonds represent well over one-half of all the outstanding county road and bridge bonds, Lynn said. In all, he added, 98 counties had bonds valued at $17,170,500 outstanding as of last June 30, without allowances for sinking funds. The bonds are payable from special 20-cent-a-$100 assessed value bond-retirement taxes.

Bonds may be approved for the State funds' security, Lynn said, if during a fiscal year "the revenue from the 20-cent levy exceeds by at least 5% the amount required to meet all principal and interest as it falls due on the bonds annually." Approval of the 58 counties' bonds, Lynn declared, "indicates that the State thinks they are sound." He said the Commission attempted to include in its first list all eligible counties, but that inadvertently it might have left out some which will be found to have the minimum qualifications.

"The approved list," Lynn said, "contains recent refunding issues of several counties, which are eligible, but does not include a small amount of older, unrefunded bonds of such counties."

Counties whose bonds are on the approved list are:

Adair, Anderson, Bell, Boyle, Breathitt, Bullitt, Butler, Calloway, Campbell, Carter, Christian, Clinton, Crittenden, Daviess, Elliott, Floyd, Franklin, Fulton, Garrard, Grant, Grayson, Green, Greenup, Harlan, Hickman, Hopkins, Jackson, Johnson, Kenton, Lawrence, Lewis, Lincoln, Logan, Lyon, McCracken, McCreary, Meade, Menifee, Mercer, Monroe, Montgomery, Morgan, Muhlenberg, Nicholas, Ohio, Owen, Pike, Pulaski, Rockcastle, Russell, Scott, Shelby, Union, Warren, Washington, Webster, Whitley and Wolfe.

Shields & Co. Issues Housing Bond Guide

Institutional and individual investors should find extremely informative and valuable the 12-page questionnaire recently issued by Shields & Co., New York, dealing with answers and comment pertaining to the special diversified tax exemption and other features of local housing bonds. The data represent an important contribution toward a better understanding of the investment merits of this still relatively new type of security, which is rated equally with the highest grade of State and municipal bonds.

Only $6,000,000 par value of original permanent housing authority financing remains to be completed during the war period, involving an issue of the Chicago Housing Authority, according to Shields & Co., quoting advices received from the Federal Public Housing Authority.

Toronto Rejects Fund For Exchange Rate Payment

The Toronto City Council refused recently to include $50,000 in the 1943 budget estimates to provide domiciliation of certain City of Toronto bonds after vigorous discussion of all aspects of the situation. The vote was 10 to 9 against reinserting the sum in the estimates.

Members supporting reinsertion of the sum contended the city has a "moral obligation" to pay the funds. Their assertion was based on letters written several years ago by city officials assuring bondholders the debentures could be redeemed in either British sterling or dollars. At that time the step was said to be taken "to suit the convenience" of the purchasers, although the bonds originally were made payable only in sterling. The $50,000 would pay the difference in exchange rates.

When the 1943 estimates first came before City Council, provision was made for payment of the $50,000. Controller Lewis Duncan attacked the legality of such procedure, and further maintained there was no "moral responsibility" to pay the money. Then the estimates were sent back to Board of Control. When they returned to City Council the $50,000 sum had been deleted.

N. Y. City Asks For Bids On $10,660,000 Bonds

City Comptroller Joseph P. McGoldrick will receive sealed bids until noon on March 31 for $10,660,000 3% city serial assessment bonds now held in various municipal sinking funds. Proceeds of the sale will be invested in the forthcoming Treasury bond offering and thus permit a larger subscription than the city would otherwise be able to make.

The city's offering consists of $7,160,000 bonds of July 1, 1940, due $1,790,000 yearly on July 1 from 1944 to 1947, inclusive, $3,500,000 of issue of July 1, 1941, maturing $700,000 each on July 1 from 1944 to 1948, inclusive. The bonds are registered and are not interchangeable for coupon bonds. Bids may be conditioned upon a legal opinion to be obtained and paid for at the successful bidder's expense.

VIRGINIA

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Major Sales Scheduled

In the following we list the issues of $500,000 or more which, at this writing, make up the calendar of further sales. We do not include note offerings as these, generally speaking, are usually acquired by institutions for their own account.

March 25

$600,000 Buena Vista County, Iowa.

$500,000 Cherokee County, Iowa.

$540,000 Mobile, Ala.
At previous bond sale the successful bidder was a syndicate headed by Blyth & Co., Inc., New York.

March 26

$1,400,000 Greenville, S. C.
Previous award made to E. H. Pringle & Co., Charleston, and second high bid made by R. S. Dickson & Co., Charlotte, and Harris Trust & Savings Bank, Chicago, account.

$4,850,750 Ohio (State of)
Offering consists of various local municipals now held by State Teachers Retirement System.

March 29

$1,000,000 West Virginia (State of)
Previous award made to Union Securities Corp., New York, and 'Associates, and second high bidder was a syndicate headed by Lazard Freres & Co., New York.

March 31

$3,500,000 Mobile, Ala.
Previous award by the city to account managed by Blyth & Co., Inc., New York.

$10,660,000 New York City
Offering of assessment bonds now owned by various municipal funds.

April 6

$800,000 Central Peoples' Utility District, Lincoln County, Ore.

Program To Salvage Fiscal And Monetary Solvency

(Continued from first page)

agement of our post-war debt. I agree with him that the debt can and should be paid off in terms of present dollars. As a practical person, however, it is necessary for me to adjust myself, personally and businesswise, not to what I think can and should happen, but rather to what I think will happen. I have not the remotest faith that the

Jos. Stagg Lawrence

But we have go so far in the outline of action indicated by Dr. Spahr will be followed. I am much more certain that we face a post-war "normal" budget of from $25,000,000,000 to $30,000,000,000. I anticipate this, although at the same time I wholly disapprove of it.

I think Dr. Spahr has done a fine job in calling the attention of sensible citizens to the fact that a much more conservative solution of our post-war fiscal problems is possible.

AN ANONYMOUS BANKER

I agree entirely with Dr. Spahr. I doubt that his views will prevail. It is a calamity that we have not had such sound economists as Dr. Spahr or Dr. Kemmerer of Princeton to guide our Government finances. But we have not, and the penalty that we must pay for some of the things that have been done in the past ten years, and that are now being done, is a very heavy one—but inevitable, I believe.

I do not know that those responsible for the long period of increasing inflation fully realize what it means. In fact, I am sure that some of them feel that it is innocent; and, like other spendthrifts, can't believe that there is a day of reckoning coming. Days of wild inflation and despair are ahead for the American people unless something like Dr. Spahr's recommendation is followed out.

But we have gone so far in the inflation cycle that it seems to me highly improbable that anyone will be found who will be strong enough as a leader to stop inflation and devaluation.

H. D. IVEY
President, Citizens National Trust & Savings Bank of Los Angeles

H. D. Ivey

There is no question that what we need now more than ever before is sound thinking and planning — if we are to escape the consequences of what has happened in the last ten years.

AN ANONYMOUS BOSTON BANKER

I must agree quite fully with Dr. Spahr's conclusions about the present policies and objectives of those who have been in control in Washington over many years. For some time I have felt that this philosophy was the greatest danger which the people of the United States face at the present time. I cannot help believing that the fundamental policy of free enterprise and sound economics has been a vital contribution in the past to the high standard of living and the happiness of a large majority of the people of this country. I hope that the views expressed by Dr. Spahr for restoring these fundamentals for our future can be carried out and the danger of the present philosophy impressed upon the majority of the voters of this country.

Wm. W. Crocker

WILLIAM W. CROCKER
President, Crocker First National Bank of San Francisco

I am in accord with the article by Dr. Spahr and believe that there is "danger ahead from the currency manipulators" unless the public is properly informed.

ALFRED P. SLOAN, Jr.
Chairman, General Motors Corporation

While I can not in any sense of the word boast as a monetary expert—as my experience has been almost entirely in industry—yet it seems clear to me that the proposals in the article by Dr. Spahr are soundly conceived and highly desirable. I have no fault to to find with them; in fact, so far as my understanding of such problems goes, they would be entirely acceptable to me, and I shall be gratified if they formed the basis of a post-war financial national policy. The trouble, I fear, is that that will not be the case.

Alfred P. Sloan, Jr.

WILLIAM J. MINSCH
Minsch, Monell & Co., New York City

This "Creeping Greenbackism" is, as Dr. Spahr points out, terribly dangerous because it is so insidious, and I hope your valuable publication will continue to hammer at it.

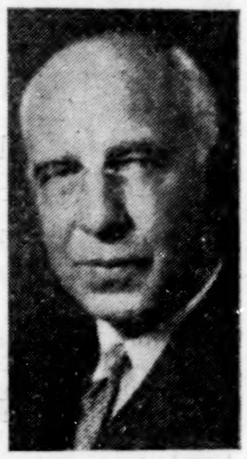
William J. Minsch

I find it difficult to evaluate the effect of a huge national debt owned within our own country, but have not gone along with those who regard the burden beyond our ability to bear. I judge that Dr. Spahr's position is the same in that he speaks of putting our debt in the form of a permanent debt at low interest rates. Since taxes for the debt service are collected from our own people and the interest and retirement paid back to our own people, I would venture a guess that its chief effect will be somewhat inflationary through increasing the velocity of our money, and beyond that without great effect on our economy.

I wish you would have Dr. Spahr or some other writer discuss that particular subject some time in the near future.

HENRY M. DAWES
President, The Pure Oil Company

I have read Dr. Spahr's article on salvaging fiscal and monetary solvency. It impresses me as being both common sense and common honesty, and is certainly clearly put.



Henry M. Dawes

LEWIS H. BROWN
President, Johns-Manville Corp.

. . . I have the highest regard for Dr. Walter H. Spahr, professor at New York University. He knows a great deal more about this subject than I do. He is a monetary expert and I am a business man. . . .

Lewis H. Brown

However, in the light of the above comments, I would like to say that I think the program he outlined is the one that I would like to see followed.

From a realistic standpoint I may be too pessimistic. I am inclined to believe that instead of following this program we are more apt to find ourselves with a creeping inflation that will bring about greatly increased prices over the next ten or fifteen years.

This, of course, means currency depreciation, and depreciation of bond values in terms of purchasing power. We all know what this will do to us, and I hope it can be prevented. So far I do not see any evidence on the part of Government sufficiently strong to counteract the influences towards inflation and devaluation.

The New Deal cannot go on forever, and perhaps when we see the character of the people who are to take over we may be able to appraise more accurately the possibility of maintaining sound fiscal policies.

The Securities Salesman's Corner

Using Excess Profits Tax to Illustrate Need for Portfolio Analysis

The salesman of intangibles is forced to rely upon the spoken word to a greater extent than those engaged in the distribution of tangible articles. The securities salesman is primarily a purveyor of ideas. The automobile salesman, for instance, can guide you along the side of a shiny new car and say, "Get in and see how smoothly she rides." The security salesman can only approximate such an enticing reality by painting a word picture.

Nevertheless, there are sales tools that take the place of the actual products which are shown to the prospect in other lines of endeavor that salesmen of intangibles can use to good advantage. For instance, there are pictures or there are maps and charts which take the place of complicated columns of figures and they make a presentation of facts much more readily understood and acceptable.

Sometimes a heavy black or a blue pencil and a piece of scratch paper in the hands of a skillful salesman goes a long way toward conveying an idea where the spoken word would only serve to complicate things. We have in mind a method of illustration which a certain successful salesman uses to convey to his prospects just how much they might gain by having him turn over to his statistical department their various portfolio holdings for review and analysis. He uses the excess profits tax and its effect on earnings as one of his sales points.

But try and explain the workings of this tax to those who are unfamiliar with its effect upon common stock earnings. This isn't exactly a simple thing to accomplish. Yet this salesman not only makes it all crystal clear with a few simple figures which he sets down on a piece of scratch paper but he also turns the prospect's newly discovered understanding of the effect of these excess profits taxes on his holdings INTO A REASON FOR MAKING A CHECK-UP AND AN ANALYSIS.

After he has gone through a portion of his sales presentation wherein he stresses the importance of an analytical review he brings out this matter of the excess profits tax. He asks a few questions that are designed to quicken his prospect's interest in the subject. For instance, he might say, "Have you noticed how some common stocks just seem to stand still in the market while others in the same industry seem to move right ahead?" Then he asks for a piece of scratch paper and while he writes a large figure 5 he says, "That's where this tax matter comes in. As you know, Mr. Prospect, the way this excess profits tax works out for some companies it's no wonder their stock is pegged down while others move ahead. Then he writes a large 40% underneath and he shows where the normal and surtax leaves company A with a net available for dividends of $2.00 per share. Then he says, "Now let us suppose that this same company has a limit for tax purposes under this law of $5.00 per share before the normal and surtax." While he is saying this he makes another large figure 5 on the other side of the paper. Then he goes on: "But, you see, even should this company, earning five dollars more next year or a total of ten, let's take a look at what will happen. On the five dollars of additional earnings Uncle Sam comes along and deducts another 93%." After he says this he writes a large figure 93 underneath the second 5. Then he multiplies out and puts the result, which is 4.65 underneath. His pad now looks like this:

5.	5.
.40%	.93
2.00	4.65

Our salesman goes on: "This 4.65 is what the tax collector takes out of the second 5 your company has earned. **Now all the company has left after these greatly increased earnings have been subjected to the excess profits tax is 35 cents.** It's no wonder that this common stock can't move ahead—of course, you can see how important it is, Mr. Prospect, that such a condition shouldn't be present in any of your holdings," etc., etc. This is only a rough illustration of how the tax works, it's true—yet, it is correct for all practical purposes and it does MAKE THINGS CLEAR—which is the main idea.

This salesman, by the way, is doing a real service for his clients. Few people, even today, know the first principles of investment procedure—they want to know more—they don't wish to admit they know so little, and the wise salesman is the fellow who leads instead of shoves. He makes customers first and then he makes sales—and it pays dividends for both his customers and for him.

Investment Trusts

(Continued from page 1103)

"This volatile class of common stocks, which normally rises most rapidly during the last half of a bull market, therefore provides much greater inflation protection, per dollar of investment, than do higher-priced and slower-moving stocks."

The current issue of **Keynotes** carries an adaptation of Keystone's famous "classes of securities" principle for guidance in selecting investments appropriate to one's needs. The classes are divided into the following categories: Reserves, Income, Income & Growth, Growth. In using the table, the investor simply checks or places an appropriate percentage figure alongside those categories which meet his major investment purposes. The adjacent columns list the corresponding Series of Keystone Custodian Funds and give data on yearly price range and approximate rate of return.

* * *

An interesting and enlightening discussion of "Purchasing Power Trend" is the topic of MIT's **Brevits.** We quote:

"A few months before the United States entered the present world conflict we published a chart showing the purchasing power of the dollar during the first World War and the corresponding trend of purchasing power during the present World War. Our conclusion at that time was 'so far, not so good'—our conclusion now is 'so far, not too bad.'

". . . The following chart shows that during the first few years of World War I the purchasing power of the dollar declined from about 146 to 80, or over 45%. On the contrary, the purchsing power of the dollar since the outbreak of the present war has only declined from about 126 to a little under 100, or less than 21%. Also, there was a distinct check in the decline shortly after the principal controls were put into effect early last spring."

Our Reporter's Report

(Continued from first page)

least four banking groups would enter tenders for the issue.

Next Monday bids will be weighed for the year's largest public utility offering to date, that of the Puget Sound Power & Light Co., which is marketing $52,000,000 of 30-year first mortgage bonds. At last reports it looked as if bidding for that issue would be limited pretty much to two substantial banking groups.

Relieving the Strain

Underwriters who contemplated participation in both deals were quite relieved when the Public Service Co. of New Hampshire asked the SEC to permit to receive bids within less than the 10-day period required under the rules.

A week ago it was feared that both the New England issue and the offering of Puget Sound Power & Light would be made on the same day, that is, next Monday.

But upon getting SEC approval of its revised financing program, the New England utility's plea to advance the date of opening of its bids was permitted, thus enabling the company to break up what promised to be a "double-header."

High-Grades No Problem

The chief complaint of dealers these days is still their inability to obtain sufficient top-grade liens to satisfy the demand that is around.

Not that the investment fraternity seeks or desires any serious letdown in the market, for that is far from the case. Rather they would like to see a little more in the way of new material available to potential buyers.

As it is now, the difficulty is in filling bids from the limited supply available. Gilt-edge paper moves out immediately upon its appearance. One dealer, to show the temper of the market, recently placed a small block of utilities, having about an eight-year run to maturity, on a 2.10% basis.

Secondary Offerings Grow

The secondary marketing of securities has proved a welcome outlet for the energy of underwriting firms during the lean period of new bond offerings since the turn of the year.

Such operations have been unusually active within the last fortnight, and have involved several sizable blocks of stocks of long-prominent companies.

Most recent was the marketing of the last portion of a block of some 300,000 shares of capital stock of the New Jersey Zinc Co., sold by the estate of the late Edgar Palmer, presumably for tax purposes.

This involved the public offering of 90,000 shares following direct sales early this month of 195,000 shares to the St. Joseph Lead Co. and 10,000 shares to another interest.

Standing By for Treasury

Insurance companies, like other institutional investors, are in large measure standing by preparing for participation in the impending Treasury financing.

But efforts of the life companies to improve the quality of their existing holdings, through switches, are by no means lacking. In fact, such business accounts for a goodly portion of the daily business of bond dealers.

Such activities naturally place the companies on both sides of the market, making it difficult to see how they balance out, but generally speaking the net change in portfolios from such operations is not considered as important.

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CANADIAN SECURITIES

By BRUCE WILLIAMS

With investors more tax conscious than ever before, an article published recently by a leading American financial advisory and statistical organization on the subject of Canadian estate taxes is likely to impair unduly the cause of Canadian securities in this country.

The article stresses the importance of investors arranging their portfolios in such manner as not to expose themselves to "extravagant" tax liabilities. It is then suggested that unnecessary inheritance taxes can be avoided by alert investors. Both of these points are, of course, well taken, although it is doubtful that they will add fresh grist to the mill of the experienced security holder.

These generalizations are followed by a discussion of Canadian estate laws in their application to American holders of Canadian securities. The facts, as presented in the article, are that the stocks of Canadian chartered corporations owned by resident citizens of the United States, are subject to Canadian estate taxes, *unless* (1) the stock is transferable outside Canada, (2) stock certificates are physically located outside Canada and transferable (endorsed in blank) at time of death, and (3) the American owner was a resident of the state in which the transfer office of the Canadian company is maintained.

In other words, certain Canadian stocks would be subject to Canadian estate taxes as well as those of our own country if held by an American investor at the time of death. Others would not. Any reputable dealer in Canadian securities is glad to advise which securities fall in each category.

Just how unimportant this question of Canadian estate taxes is in relation to holdings of Canadian securities in this country may be seen from the following considerations.

1. The great bulk of Canadian securities consists of Dominion, Dominion-guaranteed, Provincial and Municipal bonds. American holders of these securities are not subject to Canadian estate taxes.

2. A substantial number of the most important Canadian corporations (see list below) maintain transfer offices in the United States. American purchasers of their securities need not be subject to Canadian estate taxes.

3. Securities of Canadian corporations which do not maintain transfer offices in this country may be purchased by American institutional investors, trust funds, etc., without suffering penalty of any kind by reason of Canadian estate taxes.

And yet the implication of the article, expressed in the warning that investors "arrange their portfolio in such manner as not to expose themselves to 'extravagant' tax liabilities" is such as to cast a shadow of doubt over the entire field of Canadian securities. Insofar as American investors are thereby deterred from seeking out and availing themselves of worthwhile opportunities in the Canadian field, the statement is unfortunate.

This column has previously discussed the investment opportunities afforded currently by Canadian securities. In general, the dynamic growth factor in the economy of that country should be sufficient to interest investors in the possibilities of Canadian corporations. To this must be added the present official 10% discount for the Canadian Dollar which is reflected in the price of Dominion securities. The almost inevitable return of the Canadian Dollar to par is an additional inducement for considering this field.

Leading Canadian Securities having Transfer Agents in the United States and their location:

Aluminium Ltd., common and preferred, Pennsylvania; Canadian Pacific, common, New York; Consol. Mining & Smelting, common, New York; Distillers Corp.-Seagrams, common, New York; Dome Mines, common, New York; Ford Motor of Canada, Class A, New York and Michigan; International Nickel, common and preferred, New York; Hiram Walker-Gooderham & Worts, common, New York; Wright Hargreaves Mines, common, New York.

Forms Lapham, Rollins Co.

SYRACUSE, N. Y. — Beverley H. Lapham and Karl B. Rollins have formed Lapham, Rollins and Company, with offices in the State Tower Building. Mr. Lapham was formerly proprietor of B. H. Lapham & Co.

Asiel To Admit Werner

Louis J. Werner will become a partner in Asiel & Co., 11 Wall Street, New York City, members of the New York Stock Exchange, as of today. Mr. Werner will act as alternate on the floor of the Exchange for Jacob C. Stone.

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Savings & Loan League Military Memberships And Hospitality Centers Here & Abroad

"Military memberships" in the American Savings and Loan Institute were authorized by the board of trustees of the Institute at a recent meeting in Chicago, it is announced by Charles L. Plumb, New York City, President of this educational branch of the national organization. Several hundred staff members of savings and loan associations and cooperative banks now in the services are already in a position to take advantage of the plan whereby savings and loan hospitality centers will stretch across the Atlantic.

Official military membership cards are now being distributed for former students in the institute. The plan, along with the idea of establishing savings and loan hospitality centers, originated in Great Britain through the British Building Societies' Institute, the English counterpart of the American educational system for the business. Local liaison officers will be appointed in various cities in this country to develop the facilities of the centers and their names will be given to military members so that they may get in touch with these liaison men when they are stationed nearby. It is anticipated that American savings and loan men in England, where the hospitality centers are already established, will realize special benefits from the plan, since the need will be more keenly felt there for acquaintanceship with men with whom there is a starting point of something in common, such as employment in a similar business.

There are several thousand persons now in the employ of these American thrift and home financing institutions who have studied with the American Savings and Loan Institute in the past 20 years and as an increasing number of these men go into the armed forces this year, the Military Membership plan will be of service to more and more.

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MEMBER FEDERAL HOME LOAN BANK SYSTEM

Savings and Loan Associations In Michigan Have Made Rapid Strides—Outlook Bright

By GRANT H. LONGENECKER

Executive Manager, Michigan Savings and Loan League; Director, Federal Home Loan Bank of Indianapolis

March 29 of this year marks the 56th anniversary of an industry which has meant so much to the building of this great State of Michigan and which has contributed probably more to its growth than the average person realizes. On March 29, 1887, Cyrus G. Luce, then Governor of Michigan, signed the bill that gave immediate effect to the statute regulating building, savings and loan associations and their activities in this State.

However, 1887 was not the beginning of savings and loan associations in this State. The first association in Michigan was organized under the general laws in 1868. It was inspired by a Jackson merchant following a business trip to Philadelphia. While there he became interested in this movement, which started at Frankford, Pa., Jan. 3, 1831, a little more than 112 years ago, and was spreading rapidly throughout New England and the Middle Atlantic States.

G. H. Longenecker

State-Federal Chartered

About the time of the adoption of the law regulating these associations in the State, the movement spread over the State and associations were incorporated in Bay City, Grand Rapids, Kalamazoo, Jackson, Lansing, Port Huron, Saginaw, and several smaller cities. In 1895 the law was amended requiring the publishing of annual reports, the first one being published in 1896. Again in 1897 the law was amended providing for annual examinations and supervision of the associations.

Since that time the State-chartered associations have been, without interruption, under supervision of the Department of State.

There are also federally chartered associations provided by an act of Congress in the year 1933. These associations are examined annually and under supervision of the Federal Home Loan Bank Administration, Washington, D. C.

The object of these associations, whether chartered by the State or the Federal Government, which are practically identical in operation, is to promote thrift by providing a convenient and safe method for people to save and invest money and to provide for the sound and economical financing of homes.

The growth of the associations in Michigan was very slow, from their inception until 1915, at which time there were 65 associations, with assets of $27,696,545. Today there are in this State 71 associations, with assets totaling $136,139,308 as of last June 30.

Is it any wonder that the building, savings and loan associations have prospered and multiplied until today every large city in this State can boast of having one or more institutions. It is not only the large cities that are serviced by these thrift and home financing institutions, but the smaller ones as well, with populations ranging as low as 2,000.

The savings and loan industry in this country is 112 years old and 65 years old in this State. The business, which has for its motto, "The American Home, the Safeguard of American Liberties," is one of America's fundamental institutions. It has made more home owners than all other financial institutions put together, until today there are more than 7,000 such associations in the United States with total resources of more than $6,000,000,000.

Does Huge Home Building Job

In addition to the more than 800,000 homes that these associations have built and financed in Michigan, they are foremost in the encouragement of thrift and the habit of saving that has been acquired by many more thousands of our citizens. The earnings that have been paid to these savers in the form of dividends will amount to many millions of dollars. Savings and loan associations are mutual as to earnings and are principally known as the workingman's institutions, since more than 95% of the investment of these associations is loaned on owner-occupied homes.

By act of Congress, in 1932, the Federal Home Loan Bank System was created to provide a home mortgage credit reservoir of funds for long-term loans to the savings and loan associations that become members of the system by joining one of the 12 regional banks located in strategic centers to serve every section of the country. The bank serving the Michigan Savings and Loan Associations is located in Indianapolis. In addition to making available ready funds to these institutions when mortgage lending exceeds the investment of savings from the public, these banks also act as depositories for the surplus cash of their member institutions. Membership in the Federal Home Loan Bank System is represented by 96.77% of all the assets in the Michigan associations.

Another Government agency created by an act of Congress in 1934 is the Federal Savings and Loan Insurance Corporation, in which the savings and loan associations may become members. This $135,000,000 corporation insures the savings share accounts of its member institutions against loss up to $5,000.

With the high standard of service that the savings and loan associations are giving their communities, and their alertness to the opportunities offered by changing conditions, it can be easily understood how these associations have made such an outstanding growth. With the advent of so many new Federally chartered associations in recent years, much more rapid growth of the building, savings and loan movement in this State can be predicted.

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Michigan Building & Loan League

The Michigan Building and Loan League is headed by Walter Gehrke, who is President of the First Federal Savings and Loan Association of Detroit. Other officers of the Michigan League are: Thomas C. Mason, First Vice-President, who is President of the Grand Rapids Mutual Federal Savings and Loan Association; Joseph G. Standart, Second Vice-President, President of Surety Savings and Loan Association of Detroit, and Grand Longenecker, Secretary-Treasurer and Executive Manager of the League.

Walter Gehrke

Would Liquidate HOLC —Suggest Changes In Pending Dirksen Bill

Governors of the Mortgage Bankers Association of America have voted approval of the Dirksen Bill (H. R. 1283) calling for liquidation of the Home Owners' Loan Corp., and the group is indicating its views to members of the House Banking and Currency Committee now considering the measure, Charles A. Mullenix, President of the Association, announced on March 21.

In its resolution of approval, introduced by W. L. King, Washington, Chairman of the Association's Federal Legislative Committee, two suggested changes are recommended. The Dirksen Bill, it is indicated, specifies that HOLC assets shall be sold for cash or for Government obligations or Government-guaranteed obligations or "may be exchanged for the shares or obligations of mortgage insti-

(Continued on page 1108)

Colorado Commissioner Sees Increased Popularity Of Investments In Savings & Loan Associations

By A. O. JOHNSON

Building and Loan Commissioner, State of Colorado

Savings and loan associations are institutions organized to encourage thrift, provide a place where savings and investment funds can be safely invested, and to encourage home ownership by making available monthly reduction first mortgage loans on favorable terms. The investing public, including those who save systematically, is becoming better acquainted with these financial institutions. This is attested to by the increasing flow of investment and savings funds into our savings and loan associations. This increase becomes even more pronounced since it is going hand in hand with an ever increasing volume of sales of war bonds and stamps by the industry to its members and the general public. Acquaintance reveals the strength of the foundations of the structure and the soundness of the operations as a whole. They are the reasons why investments in savings and loan associations are becoming increasingly attractive and popular to the investing public. They are appreciated because they meet the exacting requirements of careful investors. Just what are these requirements?

The careful investor wants, above all, maximum security. The investments in savings and loan associations are backed up largely by mortgage loans on urban homes which, to an increasing percentage of investors, are coming to be considered as A-1 security. There seems to be a decided increase in support of the contention that real estate, after all, offers sound and stable protection. This trend undoubtedly has been accelerated by the war emergency. I think more people are sensing the security which real estate gives. To some it is perhaps because the security can be looked at, is fixed, and to all because of a feeling that its intrinsic value is more stable. However, most investors, large and small, for many good reasons do not feel justified in acquiring real estate beyond their home and business needs. The available funds over and above those needs are finding the way to our savings and loan associations, for here the investment will still enjoy the benefits of the security of real property, and, at the same time, the additional security of the margin between the value of the security and the amount of the loan. Our associations can be looked upon as the medium through which large investors and a greater number of small savers secure the benefits of the security given by real property.

In addition to the security afforded by real estate mortgages, the investments are further protected by the usual reserve strength and the insurance of $5,000 for each investor's account when the association is a member of the Federal Savings and Loan Insurance Corporation.

Along with the strong security position, the attractiveness is further reinforced by the more than average return, and also by the increased degree of liquidity. The very nature of the business permits maintaining a favorable return, largely because the major part of the assets are first mortgage real estate loans. The liquidity status of savings and loan associations should meet the most exacting requirement. It is satisfied by maintenance of a determined percentage of liquid assets sufficient to meet the more than normal demands for availability. In addition to this accepted favorable position, the industry has at its disposal the liberal rediscount privileges of the Federal Home Loan Bank System. Those twelve regional banks are a reserve system and provide the flexibility when needed to meet emergencies.

The insurance provided by the Federal Savings and Loan Insurance Corporation is available to associations by acceptance as members. The Corporation is an instrumentality of the Federal Government and insures each investment and savings account to a maximum of $5,000. This would seem to climax the efforts of the industry to surround the investment funds entrusted to it with all available protection.

We have stressed thus far the acceptability of savings and investments by the investing public. The picture would not be complete, however, unless the public fully realized the place these financial institutions have had in the development of our cities and towns. The financed homes in these cities and towns are monuments to their endeavors for thrift and home ownership. These associations for the past one hundred years have been in the field of home financing at reasonable rates and on favorable terms.

Colorado has been particularly ideal for successful operation of these thrift and home financing institutions. The State owes a debt of gratitude to this industry. Denver, Pueblo, Colorado Springs and most of the smaller cities of this State are served by associations. The expanding number of homes in all of these cities is indicative of the services rendered by associations in each of the communities.

Denver, the capital city of our State, is the hub of this great Rocky Mountain region. It is stabilized by its own industry and, in addition, by the industries of this region which include agriculture and livestock. Denver is widely known as a city of beautiful and substantial homes. It is also the home of many progressive Federally insured savings and loan associations.

During this emergency, savings and loan associations have taken on the additional function of acting as approved agencies for the sale of Government bonds and stamps. They have also liberally invested their funds in Government bonds. That function comes first. The response to this patriotic duty has been most gratifying.

There are other incidental or minor reasons, but those which I have attempted to set forth briefly explain why the flow of savings and investment funds into savings and loan institutions has been accelerated each year for many years past. The post-war period will need this industry more than ever—there will then be a real task to perform, and I am certain will meet that challenge.

1942 Mortgage Recording Activity First Reversal Of Upward Movement Of Recent Years

The Federal Home Loan Bank Administration announces that mortgage recording statistics for the first year at war afford an excellent means of measuring the extent to which the home-mortgage financing industry as a whole has been affected by the shift to a wartime economy, as well as to the extent to which the leading types of mortgage lenders have been affected by this shift. The announcement states that the year 1942 marked the first reversal in the persistent upward movement in recordings which characterized recent years, and says, "it is estimated that 1,351,000 non-farm mortgages of $20,000 or less, aggregating $3,492,600,000, were recorded throughout the United States during the year just ended. This represents a decline of $790,000,000 or 17% from the peacetime 1941 volume, a reduction that compares favorably with the drop of more than 50% shown by one- and two-family residential construction in the same period."

The Administration's announcement further stated:

"Unlike residential construction, the trend of mortgage recording activity did not begin to drop off until early in 1942. January recordings were well above the same month of 1939, 1940 and 1941. The February volume was slightly smaller than in the same 1941 month. During later months the cumulative effects of curtailed residential construction activity, resulting from the scarcity of materials and the accompanying WPB restrictions, were reflected in progressively greater declines in recordings from comparable 1941 levels. There are also indications that the October OPA order regarding the sale of tenant-occupied dwellings contributed to the slowing down of home-mortgage financing activity.

"Among the several types of mortgages, recordings by individuals suffered the least loss from 1941, declining only 6%. The maintenance of a relatively high

(Continued on page 1108)

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Denver is not only the defense and industrial center of the State, but of the entire Rocky Mountain Region. It is the largest railroad and airline center, the largest sheep market in the world, and is renowned as a city of beautiful homes.

The Federally Insured Savings and Loan fraternity of Denver has had a wholesome and profitable growth, and looks forward to the future with optimism. Institutions seeking sound, long-term investments of better-than-average yields, are invited to write to any or all of the following Associations.

Capitol Federal
Savings & Loan Association
1665 Broadway

Colorado Federal
Savings & Loan Association
1608 Welton

Denver Federal
Savings & Loan Association
719 Seventeenth

Empire Savings
Building & Loan Association
1654 Welton

First Federal
Savings & Loan Association
506 E. & C. Bldg.

Industrial Federal
Savings & Loan Association
1630 Stout

Midland Federal
Savings & Loan Association
17th & Glenarm

ASSETS OVER $19,700,000.00

Savs.-Loan Associations Disburse Largest Sums In Fourteen Years For Home Purchases

Continuing into 1943 the past year's heavy outflow of money into home purchase loans, the savings, building and loan associations disbursed in January $32,850,000 to help people buy homes. This is the report of the United States Savings and Loan League, which says that it was the largest amount loaned for home purchase in any January of the past 14 years, with the exception of 1942. The figure is 3% under that for the same month last year.

Ralph H. Cake

Such loans represented 56.73% of the total loan volume of thrift and home financing institutions in the first month of the new year, as compared with 42.91% used for this purpose in January, 1942.

Loans for all purposes totalled $57,856,000, according to Ralph H. Cake, Portland, Oregon, President of the League. The fall-off from January a year ago was 27.2% in the total disbursement, largely accounted for by the cutting of construction loan volume by wartime restrictions on home building. A year ago 28.66% of all lending done by these institutions was for new building, and this year 12.4%.

"Nevertheless the associations made $7,173,000 worth of loans for the construction of new war housing in January," said Mr. Cake. "This continued contribution of the savings and loan institutions to the financing of new permanent housing in areas where wartime population expansion demands it be raised to $132,246,000 the advances they have made for war housing since new building was restricted to this type of construction."

In January the association also loaned $1,667,000 for remodelling of houses so that additional units could be provided without new building to take care of many of the war workers and their families. This added to their previous nine months' remodelling advances meant that $33,487,000 had been advanced since the building restrictions went on, to make older housing available for more units.

Analysis of January loans and purposes for which they were granted and percentage for each purpose follows:

Purpose	Estimated Loans Made By All Associations In The United States	Percent Of Total
Construction	$7,173,000	12.4
Repair and modernization	1,667,000	2.88
Home purchase	32,820,000	56.73
Refinancing	11,408,000	19.72
Other purposes	4,788,000	8.27
Total	$57,856,000	100.00

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AND LOAN ASSOCIATION
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Buy War Bonds Here

Would Liquidate HOLC—Suggest Changes In Pending Dirksen Bill

(Continued from page 1106)

tutions which are examined and supervised by the United States or by any State." The Association's governors voted to recommend striking this exchange feature from the bill. The Association adds:

"The second recommendation is linked to the first. The Dirksen measure provides that 'if such mortgages or assets are exchanged for shares or other obligations of mortgage institutions, the issuing institution shall not be required to retire in any one year an amount so issued and delivered in excess of 10% of the total amount of shares or obligations which may have been issued in exchange for such mortgages or other assets.'"

This part of the measure is also recommended for exclusion from the bill if the first recommendation is followed, Mr. Mullenix said. He further stated:

"The Association's governors advocate a direct sale of the HOLC loans for cash or Government or Government-guaranteed obligations and believe that to provide for their exchange for shares or obligations of mortgage institutions under Government supervision would not constitute liquidation of HOLC.

"The HOLC is an emergency agency set up during economic stress to meet conditions which no longer exist. It has served its purpose well and can be liquidated now in the public interest.

"Many other Federal agencies set up in recent years might logically and reasonably be liquidated now, but in some of them, it is true, there exists a sound basis for discussion as to the merits of such action now. But as far as HOLC is concerned there seems to be no apparent reason for its continued existence. The Government can shift its burden to private enterprise and it is in the interest of the war effort and the public interest as well for it to do so promptly."

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1942 Mortgage Recording Activity First Reversal of Upward Movement Of Recent Years

(Continued from page 1107)

level of mortgage financing by lenders in this category springs largely from the fact that individuals are less active in new construction loans which have accounted for the greater part of the decline in mortgage financing.

"The volume of recordings by lenders in the 'other' group (which is influenced largely by the activity of mortgage companies) also lost little in 1942, declining only 7% from the previous year. A major contributing factor to this stability has been the increased activity of mortgage companies, investment and finance companies, etc., in originating FHA mortgages. Insurance companies, whose 1942 volume of recordings was only 10% smaller than in 1941, likewise escaped the brunt of the effects of the curtailment in private residential construction by securing a larger share of the new construction mortgage market than in peace-time years.

"In comparison with the above three classes of mortgage lenders, savings and loan associations, banks and trust companies, and mutual savings banks suffered the sharpest reductions in mortgage financing from 1941. Savings and loan associations, although maintaining their position of leadership in home-mortgage financing during 1942, were down 21% from the preceding year. Recordings by banks and trust companies as well as mutual savings banks declined 24%. The above developments resulted in the strengthening of the relative participation of insurance companies, individuals, and 'others' in the total mortgage market at the expense of the remaining three types of mortgages.

"The volume of mortgages filed for public record during December dropped to the lowest level for comparable months since these data were first compiled in 1939. The $265,000,000 in non-farm mortgages of $20,000 or less recorded during December was $127,000,000 or 32% below the same 1941 month and $183,000,000 or 41% below the post-depression peak reached in October, 1941, when the value of security instruments recorded amounted to $448,000,000."

Brown Of OPA Scores Miners' Wage Demands

Price Administrator Prentiss M. Brown asserted on March 16 that, if the wage increase of $2 a day demanded by John L. Lewis for his coal miners' union is granted, it would lead to the loss of the fight against inflation.

Mr. Brown made his comment during a discussion in Milwaukee of the new OPA system of price control on foods. With reference to the demand of Mr. Lewis for a $2-a-day increase for his workers, Mr. Brown, according to Associated Press (Milwaukee) accounts said:

"If that wage increase takes place, there is nothing for the more conservative minded labor leaders—men like Phillip Murray, who has supported the present program, and William Green, who has also stood by it—to do but follow the lead and attempt to get great increases for their people.

"Inflation will come, not by big leaps in costs, but inch by inch, a little bit at a time—in steps that seem so difficult to stop," he said.

"We must hold the line where we are on wages, or lose the fight against inflation."

St. Paul Federal
Savings and Loan Association
St. Paul, Minnesota

Assets $1,998,872.24

Current Dividend Rate
3%

Write for further Information:
AXEL A. OLSON, Exec.-Secretary

Senate Votes Repeal Of Salary Limit Order

By the overwhelming vote of 74 to 3, the Senate on March 23 approved the bill repealing President Roosevelt's executive order limiting salaries to $25,000 after taxes and increasing the national debt limit from $125,000,000,000 to $210,000,000,000.

Since the Senate amended the House-approved bill so as to include its own salary formula, the measure will now go to conference and it is regarded as probable that the House conferees will accept the Senate changes.

The Senate bill provides that salaries may not be reduced below the highest level paid between Jan. 1 and Sept. 15, 1942. The new salary provision (which is to apply retroactively to Oct. 2, 1942, the date of approval of the Price Stabilization Act) amends that section of the law under which the President acted so as to include specific language denying the right of executive agencies to reduce salaries or wages except in rare cases of individual inequity, but preserving their authority to prevent increases.

The House bill, passed on March 12 by a vote of 268 to 129, provided that salaries be limited to $25,000 net or at their Dec. 7, 1941, level, whichever was higher; this action was reported in our issue of March 18, page 1020.

The amended section of the Price Stabilization Act, as passed by the Senate March 23, follows:

"No action shall be taken under authority of this Act with respect to wages or salaries, (1) which is inconsistent with the provisions of the Fair Labor Standards Act of 1938 as amended, or the National Labor Relations Act or (2) for the purpose of reducing wages or salaries for any particular work below the highest wages or salaries paid therefore between Jan. 1, 1942, and Sept. 15, 1942."

In recommending this amendment, the Senate Finance Committee said on March 22 it believes "that no construction should be placed upon such regulations, or upon any other regulations issued in connection with the stabilization program, that would preclude any individual from exercising any rights or remedies that he might otherwise have under the law by way of protection against arbitrary administrative action."

President Hopes To Avoid Labor Draft

President Roosevelt told his press conference on March 19 that he wanted to avoid national labor service legislation as long as possible. The President said that no decision has been reached on the need for a national service law, adding that he hopes the nation will not have to met the issue. He said, however, that the country may later have to put some form of service law into effect. Mr. Roosevelt stated that his principal objection to the legislation is that it would create a lot more machinery, make things more complicated in general and make for increased regimentation. He added that of course a war cannot be won without some regimentation, but he reiterated his hope that the nation would not have to come to national labor service.

The Senate Military Affairs Committee now is conducting hearings on the Austin-Wadsworth National Service Bill; introduction of this bill was referred to in our issue of Feb. 11, page 574.

Military Training Class For Men in Security And Financial Field Facing Induction

Robert V. Wehrheim of A. G. Becker & Co., Incorporated, calls the attention of the "Chronicle" and those in the securities business facing the probability of a draft call to the civilian military training class which was started three or four months ago on the floor of the New York Stock Exchange under the auspices of the New York Institute of Finance, and has since combined with a contingent of Boyce's Tigers and other groups and now uses the 12th Regiment Armory at 62nd Street and Columbus Avenue.

These classes, meeting on Monday, Tuesday and Thursday nights, provide a chance for anyone to learn the drill and equip himself with this pre-induction experience. Classes are free, and advantage may be taken of all three classes or one class per week, as desired. Due to the competent manner in which the drill is taught, it is possible to acquire a working familiarity with the regulations in a surprisingly short time by attending one night per week. Opportunity is given, as the trainee progresses, to lead a squad, platoon and company as well as to drill as a soldier in the ranks. In short, the objective is to teach leadership by having the men lead and not merely by marching in the ranks and listening to someone else give the commands.

Major A. L. Boyce, who trained over 30,000 men in the first World War, Captain Paul Brown, author of The A. B. C. of Infantry Drill Regulations, officers of the New York State Guard and other thoroughly competent instructors are devoting many long hours to this work, without compensation.

Further details about the classes may be obtained from Mr. Wehrheim of A. G. Becker & Co., 54 Pine Street, New York City, or from Major Boyce at 7 West 96th Street, New York City.

Towne Securities Offers Interesting Situation

The 7% cumulative preferred stock of Towne Securities Corp. offers interesting possibilities at current levels, according to a circular issued by J. L. Schiffman & Co., 60 Broad St., New York City. Copies of the circular may be had from the firm upon request.

GENERAL FOODS CORPORATION AND WHOLLY OWNED SUBSIDIARY COMPANIES IN THE UNITED STATES AND CANADA

COMPARATIVE CONSOLIDATED BALANCE SHEET DECEMBER 31, 1942, AND DECEMBER 31, 1941

ASSETS

	Dec. 31, 1942		Dec. 31, 1941	
CURRENT ASSETS:				
Cash		$ 20,574,969		$ 7,500,154
U. S. and Canadian Government securities at cost, which is not in excess of market, less $6,000,000 applied in reduction of Federal tax liability		8,252,405		
Accounts and notes receivable:				
Customers' accounts	$12,013,790		$12,415,388	
Miscellaneous, including deposits and working funds	1,547,728		1,711,694	
Notes, drafts, and acceptances receivable	106,562		198,197	
	$13,668,080		$14,325,279	
Less—Reserve for discounts and for doubtful accounts and notes	293,677	13,374,403	316,397	14,008,882
Inventories, at average cost or market, whichever is lower:				
Raw materials	$26,208,728		$37,245,715	
Finished and semifinished stock	15,519,641		18,244,089	
Supplies	1,678,851	43,407,220	1,740,821	57,230,625
Total current assets		$ 85,608,997		$ 78,739,661
OTHER ASSETS:				
Investments in, and advances to, subsidiary companies (not consolidated) at proportionate amount of book value of net tangible assets, which is less than cost:				
Domestic company, less reserve of $174,239 ($168,106 in 1941)	$ 712,480		$ 658,114	
Great Britain and Bahama Islands companies	462,908		474,079	
Assets of wholly owned Philippine Islands subsidiary	420,901		420,901	
Amount receivable from U. S. Government for assets requisitioned	2,633,000			
Estimated post-war refund of excess profits tax	600,000			
Loans to employes	91,364		87,446	
Investment in The Best Foods, Inc.			3,149,776	
Other stocks and bonds, at cost, less reserve of $450,000	505,467		528,933	
Balances in suspended banks, less reserve of $77,940 ($144,000 in 1941)			31,318	
Long term notes and accounts receivable, less reserve of $80,000 ($136,000 in 1941)	570,523	5,996,643	567,585	5,918,152
PROPERTY ACCOUNTS: (Note 2)				
Land, factory sites, etc.	$ 3,596,832		$ 3,700,011	
Buildings, docks, etc.	18,002,982		16,673,519	
Machinery, equipment, motor trucks, vessels, etc.	35,751,498		38,158,374	
	$57,351,312		$58,531,904	
Less—Reserves for depreciation	27,760,575	29,590,737	25,863,944	32,667,960
TRADE-MARKS, PATENTS, AND GOOD WILL...		1		1
DEFERRED CHARGES TO OPERATIONS:				
Prepaid advertising expense and supplies	$ 514,629		$ 554,028	
Prepaid insurance premiums and other expenses	1,110,823		654,826	
Purchase contract rights—balance unamortized	206,232	1,831,684	230,735	1,439,589
		$123,028,062		$118,765,363

LIABILITIES

	Dec. 31, 1942		Dec. 31, 1941 (Note 1)	
CURRENT LIABILITIES:				
Notes payable to banks			$ 4,500,000	
Acceptances and drafts payable	$ 21,206		127,995	
Preferred dividend payable	168,750		168,750	
Foreign drafts discounted	19,611		36,561	
Accounts payable	5,517,911		9,066,630	
Accrued expenses	506,345		464,484	
Salaries, wages, etc., payable and accrued	468,294		1,271,624	
Accrued miscellaneous taxes	1,289,968		1,261,193	
Federal and foreign income and excess profits taxes (1942 after deducting $6,000,000 of U. S. Government Tax Series Treasury Notes)	15,835,085		13,087,800	
Total current liabilities		$ 23,827,170		$ 29,985,037
NOTES PAYABLE TO BANKS				
Due 1947 under revolving credit agreement (Paid January, 1943)		1,500,000		
RESERVE FOR CONTINGENCIES		3,471,212		1,971,212
DEFERRED CREDIT				
Arising from requisitioning of assets, less Federal tax thereon		721,825		
CAPITAL STOCK AND SURPLUS:				
Preferred stock:				
Authorized—350,000 shares without par value Issued—150,000 shares $4.50 cumulative preferred (involuntary liquidation preference $100 a share)	$15,000,000		$15,000,000	
Common Stock:				
Authorized—6,000,000 shares without par value Issued—5,359,751 shares (Including 85,778 shares held by a subsidiary company for conversion of its Class A stock in hands of public)	48,402,798		48,402,798	
	$63,402,798		$63,402,798	
Capital Surplus (Note 3)	$ 2,350,224			
Earned Surplus, statement attached (Note 4)	$32,744,156		$28,537,770	
Less—Amount allocated in respect of common stock reacquired and held in treasury, at average cost (1942—105,311 shares; 1941—108,311 shares)	4,989,323		5,131,454	
	$27,754,833		$23,406,316	
Total capital stock and surplus		93,507,855		86,809,114
		$123,028,062		$118,765,363

COMPARATIVE CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND EARNED SURPLUS

Years ended

	Dec. 31, 1942		Dec. 31, 1941	
Net sales (including $25,198,995 bulk raw material sales in 1942)		$231,506,460		$180,358,903
Cost of goods sold, including freight charges	$163,325,089		$117,086,934	
Selling, administrative, and general expenses, and other charges	35,264,439	198,589,528	36,258,114	153,345,048
		$ 32,916,932		$ 27,013,855
Other income:				
Dividends received from The Best Foods, Inc.	$ 36,250		$ 456,750	
Other dividends and interest	207,542		147,576	
Royalties and miscellaneous income	642,391		335,495	
Proportionate share of profits (or losses) of subsidiary companies not consolidated	28,049		(10,607)	
	$ 914,232		$ 929,214	
Less—Interest expense	121,130	793,102	36,969	892,245
		$ 33,710,034		$ 27,906,100
Provision for estimated income and excess profits taxes:				
Federal income taxes (including surtax)	$ 7,416,000		$ 6,477,000	
Federal excess profits tax (Note 5)	10,300,000		5,260,000	
Foreign income and excess profits tax (Note 5)	684,000	18,400,000	515,700	12,252,700
Balance		$ 15,310,034		$ 15,653,400
Provision for contingencies		1,500,000		1,500,000
Net profit for the year		$ 13,810,034*		$14,153,400*
Earned surplus at beginning of year		28,537,770		25,562,250
		$ 42,347,804		$ 39,715,650

COMPARATIVE CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND EARNED SURPLUS

Years ended

	Dec. 31, 1942		Dec. 31, 1941	
Dividends on stock in hands of public:				
On preferred stock ($4.50 per share)	$ 675,000		$ 675,000	
On common stock (1942—$1.70 per share; 1941—$2.00 per share)	8,928,648	9,603,648	10,502,880	11,177,880
Earned surplus at end of year (amount allocated for reacquired stock not deducted) per balance sheet (Note 4)		$ 32,744,156		$ 28,537,770

*Equivalent, after deducting preferred stock dividend requirements, to $2.50 ($2.56 in 1941) a share of common stock outstanding at end of year.

NOTES TO FINANCIAL STATEMENTS

1. Net current assets and deferred expenses of Canadian subsidiary companies and the results of their operations have been reflected in the accompanying financial statements at official rates of exchange at the close of the year; property accounts have been reflected on the basis of approximate cost of exchange.

2. Properties are stated at cost, excepting certain properties appraised at sound values in 1916 and 1926; the balance at Dec. 31, 1942, of the appraised values in excess of cost, not yet covered by depreciation, was $798,786—$840,583 in 1941. Depreciation provided for 1942 aggregated $2,563,155 ($2,654,071 in 1941) of which $1,965,781 ($1,795,789 in 1941) has been included in manufacturing costs and $597,374 ($858,282 in 1941) in other accounts.

3. The Corporation's investment in The Best Foods, Inc., received in 1932 in exchange for certain assets of the Richard Hellmann business theretofore acquired for common stock, was sold in 1942 for $5,500,000, and the excess of such proceeds over the carrying value of the investment ($3,149,776) has been credited to capital surplus account.

4. Of the amount of earned surplus at December 31, 1942, $9,298,283.88 was not available for dividends on the common stock (unless payable in common stock) being restricted by the preferred stock provisions of the certificate of incorporation of the parent company (as amended).

5. Estimated Federal and Canadian excess profits tax post-war credits, amounting to $1,230,000, have been deducted in determining the provision for excess profits taxes for 1942. Of this amount $630,000 (debt retirement credit) was applied in reduction of the current tax liability and the remainder, $600,000, has been shown as a non-current asset in the balance sheet.

ACCOUNTANTS' OPINION

To the Board of Directors of
General Foods Corporation

February 23, 1943

We have made an examination of the consolidated balance sheet of General Foods Corporation and wholly owned subsidiary companies in the United States and Canada as at December 31, 1942, and of the related statement of profit and loss and earned surplus for the year 1942. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included such tests of the accounting records and other supporting evidence and such other procedures as we considered necessary.

In our opinion, the accompanying consolidated balance sheet and related statement of profit and loss and earned surplus present fairly the position of the companies consolidated at December 31, 1942, and the results of their operations for the year 1942, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

PRICE, WATERHOUSE & CO.
56 Pine Street, New York, N. Y.

The Consolidated Balance Sheet for General Foods Corporation at Dec. 31, 1942, and related financial statements have been prepared under my supervision and, in my opinion, present fairly the position of the companies consolidated as of that date and the results of their operations for the year.

Feb. 23, 1943.

MARVIN W. KIMBRO, *Controller*

Calendar of New Security Flotations

OFFERINGS

KNUDSEN CREAMERY CO. OF CALIFORNIA

Knudsen Creamery Co. of California has filed a registration statement for $500,000 first mortgage serial bonds, bearing interest of 4½% and maturing serially from March 1, 1944, to March 1, 1955.

Address—1974 Santee St., Los Angeles, Cal.

Business—Engaged in the general business of buying and selling milk and its derivatives; processing and marketing milk and products derived from milk; manufacturing, buying and selling butter, cheese, cream, buttermilk, cottage cheese, curds, whey, etc.

Offering—As soon as practicable after the effective date of the registration statement. Price to public will be filed by amendment.

Underwriting—Dean, Witter & Co., Los Angeles, Cal., is named as the principal underwriter.

Proceeds—Approximately $275,228 of the net proceeds will be devoted to the redemption of the entire issue of the company's first mortgage convertible 5½% sinking fund bonds. Such bonds are to be called for redemption on May 1, 1943, at 102½ plus accrued interest. Balance of net proceeds will be added to company's working capital.

Registration Statement No. 2-5100. Form A-2. (2-23-43).

Registration statement effective 5:30 p. m. EWT on March 12, 1943.

Offered March 16, 1943, by Dean Witter & Co. at prices ranging from 97.74 and interest to 102.79 and interest, according to maturity.

MASTER ELECTRIC CO.

Master Electric Co. has filed a registration statement for $3,000,000 10-year sinking fund debentures due March 1, 1953. Interest rate will be filed by amendment. Sinking fund provides for retirement of total of $1,800,000 of issue by Sept. 1, 1952.

Address—126 Davis Ave., Dayton, Ohio.

Business—Manufacture and sale of electrical products, including motors and generators, various types of industrial equipment generally involving the use of electric motors.

Underwriting—McDonald-Coolidge & Co., Cleveland, Ohio, is named as principal underwriter.

Offering—Offering price to public will be filed by amendment.

Proceeds—Of the proceeds $500,000 will be used to reimburse partially the company's treasury for payment of the first quarter of 1942 Federal income and excess profits taxes, which payment amounted to approximately $872,000, and the balance for the purchase of U. S. Treasury tax anticipation notes.

Registration Statement No. 2-5106. Form S-1 (3-8-43).

Offered March 23, 1943, at 100 and interest by McDonald-Coolidge & Co., Riter & Co., Eastman, Dillon & Co. and associates.

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern War Time as per rule 930(b).

Offerings will rarely be made before the day following.

MONDAY, APRIL 5

MIDLAND COOPERATIVE WHOLESALE

Midland Cooperative Wholesale has filed a registration statement for $500,000 4% 15-year subordinated debenture notes.

Address—739 Johnson St., N. E., Minneapolis, Minn.

Business—Registrant is a cooperative association organized under the laws of Minnesota. It is a non-profit association. All of its common or voting stock is owned by cooperative associations doing business in the States of Minnesota, Wisconsin, Iowa, North and South Dakota. More than 85% of the common stockholders are associations of farmers.

Underwriting—None.

Offering—At face value. The notes will be dated as of the date of sale. Each note will mature on or before 15 years from its date. The notes will be issued in denominations of $25, $100, $500 and $1,000.

Proceeds—Will be used for part purchase of a refinery for the refining of gasoline, kerosene and other light oils, located at Cushing, Okla., together with pipelines, tanks, tank cars and inventories.

Registration Statement No. 2-5107. Form A-2. (3-17-43).

TUESDAY, APRIL 6

HEYDEN CHEMICAL CORPORATION

Heyden Chemical Corporation has filed a registration statement for 40,000 shares of cumulative preferred stock, series A, $100 par value. The dividend rate will be supplied by amendment.

Address—50 Union Square, N. Y. City.

Business—Company is engaged in the manufacture and sale of synthetic organic chemicals for industrial and medicinal uses.

Underwriting—A. G. Becker & Co., Inc., New York, is named principal underwriter. Others are to be supplied by amendment.

Offering—Price to public, plus accrued dividends from March 1, 1943, to date of delivery, is to be filed by amendment.

Proceeds—Of the net proceeds, $2,037,000 will be applied towards the redemption at $105 per share, plus accrued dividends, of all of the outstanding 19,400 shares of 4¼% cumulative preference stock of the company. All shares of 4¼% preference stock so redeemed will be retired and will not be reissued. The balance of net proceeds will be added to working capital. The company requires such additional working capital in order to finance the increased inventories and accounts receivable resulting from its presently increased business and expanded operations.

Registration Statement No. 2-5108. Form S-1. (2-18-43).

SATURDAY, APRIL 10

INVESTORS SYNDICATE OF AMERICA, INC.

Investors Syndicate of America, Inc., has filed a registration statement for Series One, Investment Certificate, in the face amount of $120,000,000.

Address — 200 Roanoke Building, Minneapolis, Minn.

Business—Registrant is engaged in the business of issuing its own face amount certificates and is classified as a "face amount certificate company" as such term is defined in Section 4 of the Investment Company Act of 1940. Investment Certificate, Series One, is designed as a medium of accumulation by means of regular, definite and systematic methods of accumulation.

Offering—As soon as possible after registration statement becomes effective.

Underwriter — Investors Syndicate, 200 Roanoke Building, Minneapolis.

Proceeds—For investment.

Registration Statement No. 2-5109. Form A-1. (3-22-43).

Dates of Offering—Undetermined.

P. L. ANDREWS CORP.

P. L. Andrews Corp. has filed a registration statement with the SEC for $360,000 first mortgage convertible 5½% bonds series A, maturing serially from 1943 to 1957.

Address—7800 Cooper Ave., Glendale New York, N. Y.

Business—General character of the business done by the corporation is the design, development, manufacture and sale of paper packaging and wrapping materials in a variety of forms of envelopes, folders, wrappers, folding boxes and containers. Primarily because of the nature of the plant and products of the corporation, it is anticipated that the war or conditions arising therefrom will not alter substantially the general character of the business or products of the corporation

Underwriting—No firm commitment has been made to take any of the securities registered, but P. W. Brooks & Co., Inc., New York City, is the principal underwriter, as defined in the Securities Act of 1933

Offering—The securities will be offered at prices ranging from 99½ to 102¼ depending upon maturity date

Proceeds—Net proceeds will be used to discharge a proposed demand bank loan, to reimburse the corporation for machinery acquired and balance for such additional production facilities as are needed.

Registration Statement No. 2-5058. Form A-2 (10-28-42)

Registration statement withdrawn March 8, 1943.

PUBLIC SERVICE CO. OF NEW HAMPSHIRE

Public Service Co. of New Hampshire has filed a registration statement with the SEC for $22,000,000 first and general mortgage bonds, series A 3¼% to be dated Jan. 1, 1943, maturing Jan. 1, 1973.

Address—1087 Elm St., Manchester, N. H.

Business—Company is engaged principally in the generation of electric energy and its transmission, distribution and sale to about 78,300 domestic, commercial, industrial, agricultural and municipal customers in New Hampshire and Vermont. It also manufactures and distributes gas.

Underwriting—To be supplied by post-effective amendment.

Offering—Company proposes to sell the bonds at competitive bidding pursuant to the rules of the Commission. Contemporaneously with the issuance of the bonds, company will issue and sell 3,284 shares of its common stock, no par value, to New England Public Service Co., parent of the company, at a price of $60 per share flat or $197,040, and will issue and sell $2,500,000 face amount of its unsecured notes at private sale to financial institutions.

Proceeds—The aggregate net proceeds of said bonds, notes and common stock will be used to pay principal, premium and 30 days' interest in the redemption of all of the company's first mortgage bonds aggregating $18,929,000 face amount, to pay off bank loans totaling $1,000,000, to purchase from Twin State Gas & Electric Co. the utility properties and other assets of its New Hampshire division $4,281,897, to purchase certain assets from New England Public Service Co. $197,080 and other corporate purposes. All companies are subsidiaries of NEPSCO and transactions are the second step in the proposed simplification of NEPSCO. First step was the recently consummated merger of Cumberland County Power & Light Co. with Central Maine Power Co. Third step contemplates the acquisition by Central Vermont Public Service Co., also a subsidiary of NEPSCO, of the remainder of the assets of Twin State located in Vermont by merger.

Registration Statement No. 2-5076. Form A-2. (12-24-42)

Amendment filed March 1, 1943, to defer effective date.

In an amendment the company fixes the amount of the proposed new issue of first mortgage bonds at $20,500,000 in place of $22,000,000 as originally filed. Company in amendment also revises its financial program so as to provide only for the issue and sale of the first mortgage bonds. The original plan provided also for the issue and sale of $2,500,000 of unsecured notes and the sale of 3,284 shares of its common stock to New England Public Service Co., parent company, at a price of $60 per share. The unsecured notes were to be sold privately. Proceeds from the sale of the first mortgage bonds which are to be sold at competitive bidding will be applied to redeem and retire company's presently outstanding bonds in the aggregate face amount of $18,929,000, pay its bank loans aggregating $1,000,000 and provide funds for working capital.

In an amendment filed March 11, 1943, the company states that on March 1, 1943, Public Service entered into a contract with the Twin State Gas & Electric Co. to acquire that company's properties, business and franchises in New Hampshire and Maine. Subject to approval of regulatory authorities having jurisdiction and to the terms and conditions of such contract, the company now contemplates financing such acquisition through the issuance of $1,000,000 of additional first mortgage bonds, Series A 3¼% due 1973, and $3,000,000 of unsecured notes maturing serially in amounts of $150,000 semi-annually from the date of issue. It is expected that such acquisition and the related securities issues will be consummated before July of this year. In a separate petition company said these securities would be sold privately to a limited number of financial institutions.

Registration statement effective 5:30 p.m. (EWT) on March 19, 1943.

Company on March 19 announced it is inviting bids for the $20,500,000 first mortgage bonds series A 3¼%, due 1973. Bids will be received on or before 12 Noon (EWT) March 26, 1943, at company's office, 1087 Elm St., Manchester, N. H.

PUGET SOUND POWER & LIGHT CO.

Puget Sound Power & Light Co. has filed a registration statement with the SEC for $52,000,000 first mortgage bonds series due Dec. 1, 1972, and $8,000,000 debentures due Dec. 1, 1951. The interest rates will be supplied by amendment.

Address—860 Stuart Building, Seattle, Wash.

Business—Applicant's properties consist, generally speaking, of electric, gas, steam heat and telephone utility properties located in the central and western portions of the State of Washington. It is engaged principally in the business of generating, transmitting, distributing and selling electric energy in all or parts of 19 counties in the western and central portions of the State of Washington, comprising approximately 4,500 square miles.

Underwriting—Names of underwriters will be supplied by post-effective amendment. The company proposes to sell both the bonds and debentures at competitive bidding. The invitation for bids will provide that each bid covering the bonds shall specify the coupon rate (which shall be a multiple of ¼%) and the price to be paid to the company for the bonds; and each bid covering the debentures shall specify the coupon rate (which shall be a multiple of ⅛%) and the price to be paid to the company.

Offering—The offering price to the public will be supplied by post-effective amendment.

Proceeds—Net proceeds from the sale of the new bonds and the new debentures, together with general funds of the company, are to be used for: Redemption of the old bonds, series A, in the face amount of $36,039,500 at 101½%, or $36,580,093; redemption of the old bonds, series C, in face amount of $8,850,000 at 102%, or $9,027,000, and redemption of old bonds, series D, in face amount of $13,995,000 at 102%, or $14,274,900, or grand total of $59,881,993. There is pending before the SEC an application under Section 11 (e) of the Public Utility Holding Company Act of 1935, by Engineers Public Service Co.—parent company—to which Puget joined as a party, for the approval of a plan for recapitalization of Puget. This plan, if approved, would reduce the percentage of voting power of Puget owned by Engineers from 77.4% to 1.8%. Engineers has been ordered by the Commission to dispose of its entire interest in the company. Engineers has advised Puget that it intends to comply with this order as soon as it can do so.

Registration Statement No. 2-5077. Form A-2. (12-28-42).

The company on Feb. 16, 1943, filed with the SEC amendments to its plan of recapitalization and refinancing making changes in the voting positions of the new stocks and providing for bank loans as a part of the financing instead of short term debentures.

Under the voting change the new common stock is to receive five votes a share instead of the one previously alloted. The voting power of the first preferred will be returned to one vote a share instead of the two granted originally.

The refinancing plan has been modified to substitute $6,500,000 of 3⅛% five year bank loans in place of $8,000,000 of nine year debentures. The plan to sell $52,000,000 of first mortgage bonds remains unchanged.

The bank loans would be eliminated March, 1948, under a plan calling for a $1,000,000 reduction on Sept. 1, this year; $1,000,000 on March 1, 1944, and $562,500 semi-annually until March 1, 1948.

The changes in the voting powers of the preferred and common stocks were made to meet objections of the SEC which felt under the original plan the preferred had been given excessive voting power.

The Chase National Bank will take $3,000,000 of the proposed bank loans; the Harris Trust & Savings Bank $1,000,000 and nine Seattle banks the balance.

The SEC on March 16, 1943, approved the company's refinancing program.

Amendment filed March 10, 1943, to defer effective date.

Company on March 16 announced it is inviting bids for the $52,000,000 first mortgage bonds, due Dec. 1, 1972. The bidders are to name the coupon rate and bids will be received by the company on or before 12 o'clock noon EWT on March 29, 1943. Officers and representatives of the company will meet prospective bidders on March 24, 1943, 10 o'clock a. m. EWT, for the purpose of reviewing with them the information with respect to the company contained in the registration statement and prospectus.

Registration effective 3:30 p.m. (EWT) on March 16, 1943, as of 5:30 p.m. (EWT) Jan. 16, 1943.

WELSBACH ENGINEERING & MANAGEMENT CORP.

Welsbach Engineering & Management Corp. has filed a registration statement with the SEC for $493,000 collateral trust 5% ten-year sinking fund bonds.

Address—1500 Walnut St., Phila., Pa.

Business—Registrant is a holding and managing company which owns all the stock and manages its subsidiaries. These subsidiaries, in part, are engaged in the installation and maintenance of street lighting systems, gas or electric, in approximately 37 cities and communities in New England, Middle Atlantic and Mid-Western States, and in general electric construction work.

Underwriting—Barrett Herrick & Co., Inc., New York City, is named principal underwriter.

Offering—Bonds are to be offered to the public at 83% plus accrued interest from Jan. 1, 1943, to date of delivery.

Proceeds—The estimated proceeds from the sale of the bonds, after deducting underwriting commissions and expenses, will be $345,100. At present the corporation has outstanding $493,000 face amount of 6% collateral trust sinking fund bonds, all of which are held by the United Gas Improvement Co. The UGI has granted Welsbach an option to purchase all of said outstanding bonds exercisable on or before May 15, 1943, for the sum of $345,100 with interest from Jan. 1, 1943. The estimated net proceeds resulting from the sale of the bonds now being registered will be applied to the exercise of this option.

Registration Statement No. 2-5099. Form A-2 (2-20-43).

Registration statement effective 5:30 p.m. (EWT) on March 20, 1943.

(This list is incomplete this **week**)

Effect Of Inflation Upon The Values Of Securities

(Continued from page 1103)

the goods available to be purchased may amount to as much as $40,000,000,000. This purchasing power is rapidly increasing with Government spending, rising prices and wages. Moreover, the amount of such spending power is subject to an almost unmeasurable rapid increase through the velocity of spending itself.

Mr. Randolph Paul, General Counsel of the Treasury, was quoted on Dec. 11 by the Associated Press as saying that "black markets will mushroom" if this excess purchasing power is permitted to enter the consumer goods market in "wild competition for our short supply." . . . "Empty shelves and illegitimate profits will become the order of the day." . . . "The ensuing hardships will be suffered particularly by families in the low income groups." . . . "The battle against inflation will not be won without the enactment of more fundamental measures than any we have yet adopted."

On April 19, 1941, Mr. Bernard M. Baruch said before the House Committee on Banking and Currency: "I do not believe in piecemeal price fixing. I think you have first to put a ceiling over the whole price structure, including wages, rents and farm prices up to the parity level—and no higher—and then to adjust separate price schedule upward or downward, if necessary, where justice or Governmental policy so requires."

"Except for human slaughter and maiming and all that goes with them, inflation is the most destructive of the consequences of war. It might double or more the cost of the war, it imposes the severest hardship on our people and, through inevitable deflation that follows, burdens the future with a constantly increasing debt and a long period of painful and bitter readjustment destroying the confidence of people in themselves and their Government, leaving them open to all the old and new isms. Nor is inflation a danger which will hold back and wait for a formal declaration of a shooting war. With payrolls soaring and shortages developing, more money bidding for less goods, the danger of an inflationary price rise is imminent. If it is not taken firmly in hand in time it may get beyond the possibilities of control."

Has Inflation Affected the Price of Gold?

In the United States the dollar is still pegged at 13 15/31 grains of fine gold to the dollar, or 59 cents in terms of the dollar we knew prior to the devaluation of 1934. But in other parts of the world the price of gold has been soaring like the price of other commodities. In the monthly bulletin of the National City Bank of New York for December, 1942, it is observed that "in India, following the outbreak of war in the Pacific, bar gold rose to about $40 a fine ounce by the middle of December, 1941, and reached almost $68 an ounce at the time of the Burma campaign in March, 1942, with silver up from 50 cents to 72 cents an ounce. Premiums on gold coin have ranged above bar gold. In neutral countries on the periphery of the Continent of Europe, to which much refugee capital has flown, premiums have likewise reached high levels. In Lisbon, for example, gold coins command premiums ranging from 150 to 200%, while in Turkey, which is now going through an inflationary price rise, gold is selling in a free market at premiums of from 300 to 400%."

From Latin America reports are that gold is selling at varying prices up to $51 an ounce. In Panama, U. S. gold coins are reported to be selling at 100% premium.

Has Inflation Resulting From the Present World War Reached Security Prices?

On Sept. 14, 1942, the New York "Times" published the following item: "Vichy, Sept. 13—The Lyon Bourse was firm in the first two sittings last week and then became irregular, considerable profit-taking weighing upon it as a result of the recent rise. Differences for the week included unimportant losses and a few gains, in bank and electrical shares. The general index of 300 stocks, which stood at 1,161 on Aug. 21, went to 1,207 on Aug. 28; and 1,200 on Sept. 4. This index is based on prices of 1913 as 100."

During the past two years in England earnings on common stocks have declined more than 50% but the price level has risen more than 100%.

In Canada, where the price control plan is more like that advised for this country by Mr. Baruch, both commodity and security prices have risen less than in the United States and much less than in England.

In the United States inflationary price rises in both commodity and security markets seem to be getting under way. The rise in security prices may not seem large at first glance. The present level of prices of common stocks has just recently recovered to the level at the time of the Pearl Harbor shock. But in many instances where securities are thought to be very good hedges against inflation the recovery has been from 50 to 100%.

Hedging Against Inflation With Securities

The rise in prices caused by a scarcity of products with billions of excess purchasing power in the hands of the public will cause real hardship to millions of people during the war. New disasters will happen to many people after the war when scarcity is transformed into over supply and prices decline, destroying the illusion of values built up during the war. In spite of the hardships and maladjustments resulting from this scarcity-war-debt-created rise and fall of prices, these conditions will correct themselves in time if sound money conditions are maintained. But the very magnitude of the debts and the "fiat" bank credit spending money, resulting from the purchase of Government bonds by the commercial banks, destroys the existence of sound money and the necessary banking and credit conditions under which sound money could be maintained.

With the large holdings of Government bonds by the commercial banks it will be necessary to maintain the price of the Government bonds at or near par in order to protect the banks against a decline in the prices of such bonds. which would reduce the capital and surplus of the banks to a point which would endanger their solvency.

In order to maintain the prices for Government bonds at par and protect the banks will the bonds be made convertible into currency at par? There may be other ways worked out to handle this vexing problem and protect both the banks and the gold value of the dollar. But the conversion of Government bonds into currency is the simplest and easiest way out, and historically has been the practice in handling this often-repeated situation. In effect, the conversion of Government bonds into currency to protect the solvency of the banks would be the equivalent of a capital levy upon all money and credit instruments including bank deposits, savings, bonds, insurance, interest coupons and dividends. Your guess is as good as mine as to how far the dollar may be devalued if the inflation of bank credit leads to the pegging of Government bonds at par by making the bonds convertible into currency.

I have no doubt that all kinds of schemes will be suggested to avoid this catastrophe. But up to the present no workable solution has been proposed. If we are to avoid currency inflation and devaluation and its resultant tax levy upon all forms of money and credit capital, and pay off these bonds by the honorable method of savings and taxes, then I recommend to you that all trust funds be invested in the highest grade bonds and the purchasing power of the capital and the small income will serve the beneficiaries well in the future. But if inflation and devaluation are inevitably followed in the solution of this debt-bank-credit problem, I would not hesitate to guess that most trustees who cling to the safety of the highest grade investment bonds will be out of business before sound money and stability are again attained. Economic forces do not heed man-made laws which do not fit conditions as they are. The necessity and high purpose of the laws governing investments by trustees in the past cannot be doubted. But it probably would not be out of place to examine those laws with respect to their intended purpose and present conditions.

The Qualifications of Securities That Have Withstood Inflations Best

In selecting securities for the purpose of hedging against inflation it is important to select the businesses best fitted to withstand inflation, the strongest companies in these businesses, and the companies with managements alert to the dangers of inflation, and with a definite determined plan to meet the emergencies of inflation and live through them.

In the European inflations companies whose assets were primarily raw materials, commodities, intangibles, luxuries, the light chemicals, fire insurance companies and a great variety of service companies have the best record. Heavy goods industries such as steel, iron, building, cement, shipbuilding and the like did not fare well, while some manufacturing companies survived because of their strong position and good management, manufacturing companies as a group did not do well. Merchandising companies generally fared very badly. Banks, life insurance companies, railroads and utilities generally proved very unsatisfactory hedges against inflation.

After selecting the type of industry which will withstand inflation best other factors must be considered. It is important that the selected corporation have little or no debt, and have a strong working capital position adequate to withstand a long period of unprofitable business. The labor factor should be small and flexible. The costs of doing business should be low and capable of adjustment. The fixed charges should be small and not calculated to increase sharply during a period of hard times. The corporation should have the ability to retrench and take losses. The management should be well schooled in the problems affecting the business during the period of inflation and the aftermath.

There seems to be no security that I have discovered which will live through a severe inflation and its aftermath and in relation to the declining purchasing power of money maintain its relative price, asset value or income.

Gold is the best hedge against inflation, but an American citizen cannot legally own gold in this country and it bears no income. In the European inflations following World War One, the purchasing power of income from most securities of all types sank to a very low level, and by and in the large, in both Germany and France the purchasing power of income from interest and dividends disappeared.

There seems to be no single security that possesses all the factors to qualify as an inflation hedge. The problem comes down to the selection of securities with the most favorable characteristics, or on which the losses will be relatively the least.

In Europe the best hedges were select durable commodities, the highest grade coal, copper and potash mines, the light chemicals serving the consumer goods industries and the textiles, select fire and casualty insurance companies (the fire companies did best), oil producing companies, productive farm real estate, and some of the better managed investment trusts.

Among the securities and properties that did not do well are marginal mining properties, the stocks of commercial and savings banks, the stocks of railroads, utilities, heavy goods, chemicals, automobile manufacturing, life insurance and city real estate.

The inflations of every country have been different from those of any other country or time. But the effects of the inflation have been essentially the same, except in varying degree depending primarily on the extent of the inflations and the devaluations.

The present inflation in this country will undoubtedly differ from that of any other country in kind, extent and timing. But the history of inflations indicates that the trend of the effects will be essentially the same.

There are so many erroneous notions about inflation that it is not within the scope of this paper to correct them. But among the outstanding errors commonly heard are the advices to buy low-grade securities, or buy the securities of companies with large debts, or buy gold stocks or buy any security of a company with natural resources. These advices of the street are just the opposite to what experience proves to be best.

In Europe low-grade securities generally lost their full value. Corporations with large debts were forced into bankruptcy by inability to service the debts caused by the rising costs of doing business. The best gold stocks might be a hedge but certainly no better than other strong companies with natural resources. The low-grade golds would be overcome by the rising costs of doing business like all other low-grade mining ventures.

Because the same types, qualities and character of corporations and securities have served the investors best as hedges in all countries which have gone through inflation and whose records are available, it seems reasonable to say that by careful analysis and selection the investor can hedge against inflation and maintain the purchasing power of his capital and income to a far greater extent than he can by making no effort at all or by holding an average list of securities. This, however, is a specialist's job, and no general recommendations will serve. In fact, general recommendations may lead to more harmful selections than no recommendations at all.

When these technical and costly difficulties appear many investors and trustees jump at the conclusion that it is not possible to protect capital against the ravages of inflation. In fact, the president of a metropolitan trust company told me recently that it never had been possible to hedge against inflation in the past and would not be this time. It is too bad that the president of this trust company does not have the time and inclination to familiarize himself with the lessons of financial history for the good of his customers. Every lawyer knows from ancient history the problems of wealth left in trust during periods of inflation which have plagued all countries. From Roman and Grecian inflations down to the present times material goods, land, buildings, gold and silver, and indestructible intangibles, processes and art have been used to protect wealth somewhat against the destruction of money values. In closing, let me offer a little polite education to my friend, the president of the trust company by quoting a passage on hedging from Andrew D. White's history of the French Inflation—1789-1796:

"The question will naturally be asked, On whom did this vast depreciation mainly fall at last? When this currency had sunk to about one three-hundredths part of its nominal value, after that, to nothing, in whose hands was the bulk of it? The answer is simple. I shall give it in the exact words of that thoughtful historian from whom I have already quoted: 'Before the end of the year 1795, the paper money was almost exclusively in the hands of the working classes, employees and men of small means, whose property was not large enough to invest in stores of goods or national lands.* Financiers and men of large means were shrewd enough to put as much of their property as possible into objects of permanent value. The working classes had no such foresight or skill or means. On them finally came the great crushing weight of the loss. After the first collapse came up the cries of the starving. Roads and bridges were neglected; many manufactures were given up in utter helplessness.' To continue, in the words of the historian already cited: 'None felt any confidence in the future in any respect; few dared to make a business investment for any length of time and it was accounted a folly to curtail the pleasures of the moment—to accumulate or save for so uncertain a future.'"

Editor's Note—The above article is a duplication of an address delivered by Dr. Wright at the annual meeting of the Association of Probate Judges of the State of Ohio at Columbus earlier this year.

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*See Von Sybel, vol. iv, pp. 337, 338. See also for confirmation Challamel, "Histoire Musee," vol. ii, p. 179. For a thoughtful statement of the reasons why such paper was not invested in lands by men of moderate means, and workingmen, see Mill, "Political Economy," vol. ii, pp. 81, 82.

See Von Sybel, vol. iv, p. 222.

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UP-TOWN AFTER THREE

By BILL SMITH

SCREEN

In **"Keeper of the Flame,"** M.-G.-M. has a movie that is a far cry from the run-of-the-mill stuff Hollywood grinds out daily. For not only does it have a peculiar tenseness but is the first time M.-G.-M. has spoken out on the Fascist menace inside this country. Assigning its two top stars, Katherine Hepburn and Spencer Tracy, M.-G.-M. has produced a tense dramatic story of the death of the nation's Number 1 hero who in life stood for everything noble and good. At the funeral rites, attended by htousands and covered by all the newspapers, we find Spencer Tracy looking for material on which to base his story on the dead man's life. As he digs he runs into mysterious things made more mysterious by the strange reluctance of the dead man's widow, Katherine Hepburn, to talk. What he finally discovers is the basis of the story. It is no screen fare for mass appeal. Its subject is too grim and its revelations and implications too real for comfort. You may not agree with the story but you owe it to yourself to see it. . . . **"Chetniks"** (20th Century-Fox) capitalizes on the Yugoslav patriots and the leader, Draja Mikhailovitch, but having said that there is little left to add. For it is just another Wild West horse opera. The heroes, and heroines are all fine noble people who pull the wool over the eyes of the Italians and the Germans. While the villains, the Axis forces, are dirty, no-good cowards who are stupid in the bargain. . . . **"The Powers Girl"** (United Artists) brings together George Murphy, Anne Shirley, Carole Landis and, from Jack Benny's program, Dennis Day, in a cream-puff, make-believe fairy-tale about how John Powers chooses and makes his famous models. The plot is dull, unfunny and tedious. After the first ten minutes you'll know just how everything will come out. The ladies may go for the latest fashions. The jitterbugs will go for Benny Goodman and his band's hot licks. But for grown-ups it's just a big yawn. . . . For some reason best known to the powers that be in the Army and Navy the newsreel pictures coming from the war have been nothing more than travelogues, pretty-pretty stuff which gives little idea of what the war is and how our soldiers fight it. The latest U. S. Government release showing combat action by American troops in North Africa, **"At the Front,"** was made by Darryl Zanuck, or at least supervised by him. Yet the finished product, in Technicolor, is not only poor photographically but even technically. To make this picture still worse, the British Army Film Service comes along with **"Desert Victory,"** its pictorial record of the 80-day advance of Gen. Montgomery's 8th Army in pursuit of Rommel's Afrika Korps. Between our Government's "At the Front" and the British "Desert Victory" there is no comparison. It's like seeing a poor home-made movie and a top-notch Hollywood "A" production. As a matter of fact, "Desert Victory" is, in my judgment, the best thing of its sort to be shown in this country. You not only know what's going on (it's demonstrated on intelligent maps) but each step pf the British counter-offensive that began at El Alemein is shown through the eyes of the infantry, the tank corp, the air arm and the artillery. You know the plan of campaign. You see its execution. You see the results. As zero hour for the opening barrage approaches, you see the men's faces lit up by occasional flashes. Their faces show tenseness, fear and excitement. At the signal, the terror you see is transmitted to you. The impact of the terrific barrage is overpowering. In the drive across the desert the British captured some German film which is skillfully cut into "Desert Victory." If you want to see what desert war is, not the romanticized version, then by all means see "Desert Victory." You'll remember it for years to come.

Yield On Govt. Issues

An interesting booklet on United States government securities tabulating yield, redemption values, and other interesting data has been prepared by the Mellon National Bank of Pittsburgh, Pa. Copies of this booklet, which also indicates which of the issues are subject to Federal taxes, may be had from the Mellon National Bank upon request.

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Our Reporter On "Governments"

(Continued from page 1099)

. . . But this is a war-time controlled economy and those peace-time axioms don't apply now. . . . So you might as well take advantage of the trend while it's here. . . .

And the Treasury would prefer larger purchases of the long-terms anyway. . . . It will make its war-time financing job easier. . . .

INSIDE THE MARKET

Intriguing suggestion for "non-cashable" bonds just put out by Senator Harley M. Kilgore (Dem.-W. Va.). . . . His idea is to offset the cash-ins of war bonds by small holders through issuance of non-negotiable, non-cashable bonds to be sold throughout counrty to wage-earners. . . . Bonds would not be redeemable until a specific period had elapsed after the end of the war. . . . Seems no chance for adoption of Senator Kilgore's recommendation, incidentally, but it indicates how some political leaders are thinking. . . .

Insurance company buying in the open market down to the lowest level in months, recently setting bottom mark for 1943. . . . Explanation obviously is that insurance companies are holding back their buying powers, pending announcement of the April deal. . . .

Recent estimates on Treasury borrowing indicate new money borrowing for 1943 fiscal year, ending June 30, at $59,000,000,000 with $37,000,000,000 already borrowed. . . . This is outside of short-term maturities and tax anticipation note maturities. . . .

Comment of U. S. Chamber of Commerce on this is significant: "There is little hope that the $59,000,000,000 needed for 1943 can be reduced by the imposition of additional taxes. The fiscal year has less than four months to run, and the prospects are slight indeed for a new revenue bill from Congress before June 30." . . .

Report around that Treasury will intensify efforts to sell tax anticipation notes from now on to prevent repetition of war bond redemptions that accompanied this last income tax date. . . . Many persons who bought war bonds with money that should have been saved for taxes were unwanted purchasers. . . . Treasury wants to avoid any unnecessary increases in cash-ins, is terrified over effects of publicity on redemptions and the ramifications of this. . . . Tax anticipation notes, available in denominations as low as $25 at any bank and returning almost 2% interest to individual purchasers, are the most attractive securities of this type available anywhere in the world. . . .

One point being mentioned as indicative of Treasury's desire to keep all investors in good humor is Secretary Morgenthau's exchange offering for the May certificates and $289,000,000 Commodity Credit Corporation notes. . . . May certificate issue of $1,506,000,000 and CCC issue will be offered a May 1 certificate of indebtedness carrying ⅞% interest on April 20. . . . Exchange offer indicates "right" idea is still alive, although Morgenthau cautioned observers not to expect this to be a precedent. . . .

SUPPORT

Open market operations by the Federal Reserve System should become increasingly obvious from this day on. . . . The time for actual as well as psychological control has arrived, say some. . . . And beyond question, the Reserve will have to be extraordinarily active just prior to and during the April drive in order to help the big banks in New York and Chicago subscribe to the 2s and certificates. . . .

New York and Chicago banks are low on excess reserves and must be given some support during drive in order to permit them to follow up policy of full investment. . . . Discount bill purchases by Reserve probably will be a major way to achieve this but over-all result will be rise in Government security holdings of Reserve Banks to all-time peak. . . .

SEC Amends Holding Co. Rule On Joint Tax Returns

The Securities and Exchange Commission announced on March 13 the adoption of an amended sub-paragraph (6) of Rule U-45 (b) under the Holding Company Act. The sub-paragraph provides that registered holding companies and their subsidiaries which join in the filing of a consolidated tax return need not secure Commission authorization for certain intercompany transactions relating thereto if the consolidated taxes are allocated to the several members of the group as specified in the sub-paragraph. The need for the amendment, the SEC said, arises from the changed provisions of the Revenue Act of 1942 relating to consolidated returns.

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Allan Richardson Is Colo. Securities Commissioner

Allan S. Richardson has been appointed Securities Commissioner of the State of Colorado. Mr. Richardson had been active in the investment business in Denver since 1919. In the past he was associated with the Commercial and Financial Chronicle.

Can America Conquer Inflation?

(Continued from page 1100)

The only workable plan is to cover the deficit by borrowing from those who come into possession of the newly created money. Borrowing is a form of taking back the money temporarily, while taxation is a way of taking it away permanently. But in both cases new buying power is reduced or eliminated and prices are prevented from rising as a result of its exercise. The government, of course, has tried hard to cover the deficit by borrowing from the people, but all its efforts have led only to a success of 60% while 40% has been borrowed from the banks.

What is the reason for this unsatisfactory accomplishment?

The reason, as I see it, is that the lessons of financial history have not been heeded. A wise English financial statesman was once asked where he would get funds to fill an empty treasury and said: "I will dig it out of the ground." And further asked how he would do that, he answered: "With the spade of interest." The truth of this answer lies in the fact that to persuade the owner of money to lend it the promise of a return must be given which makes him willing to do so. Our government, since 1933, has indulged in the hope that the days of borrowing money under former conditions have gone forever. That the Treasury should borrow money in sufficient quantities at an interest rate of not more than 2½% seems to be part of a new financial creed. Government bonds yielding higher rates of interest are all from the pre-1933 period. The financial history, however, has convincingly shown that every group which is in a position to lend money to a government needing it, is also in a position to have something to say about the terms. Our government has tried hard to attract funds at low yields from all classes of investors. It has brought great pressure to bear in this endeavor.

But these efforts have not produced the money the Treasury needs to cover the deficit. They remain not more than 60% successful. Plans have been suggested for the purpose of persuading the people to buy automobiles, homes, furniture and other items for delivery after the war, with prepayment now, the funds to be invested in government bonds. But these plans have not materialized, chiefly because of the low return on the bonds. All this leads to the conclusion that **if the government wants to attract current surplus funds threatening inflation, it must offer a much higher return guaranteed for a sufficient period of years.**

Now, one can almost hear people cry out that we already pay $3,000,000,000 in interest a year on our bonds, and that it would be an outrage if we should be obliged to pay still more. But what is the alternative? The alternative is to cover the deficit not by raising $16,000,000,000 additional taxes, but $36,000,000,000 additional taxes. How can that ever be done?

Then come the people who cry out that to issue bonds with higher interest would depress the price of all bonds which have been issued with lower interest rates, thus precipitating a crisis which would drive numerous people into bankruptcy. As if rates of interest had never been raised before! Holders of outstanding bonds should be contented if the dollars which they will receive as interest in undiminished amounts will buy in 1944 nearly as much as now and will not undergo a drop in buying power of 30% or 40%, as they undoubtedly will if the dollar is further and further inflated.

There are, of course, those who doubt whether it would be possible to channel the excess money into the purchase of bonds at all. It is, of course, somewhat more difficult to attract subscriptions if you have to think of a large circle of subscribers than if you have to think of a smaller one. As soon as Government bonds with higher interest rates are available, not only can insurance companies attract excess money through more favorable insurance contracts, but also other schemes of a similar nature attracting excess money will be devised. Then there are, of course, means of exerting discreet pressure for subscriptions whose application is time honored. The problem of launching successfully a large bond issue is a problem in mass psychology and has to be solved with good doses of old-fashioned common sense, combined with a good working knowledge of the needs of the people.

Speaking of personal experience, when we faced the problem of launching a loan in Germany in November, 1919, we had before us indeed a terrific task, with the people defeated, starved through a long blockade and threatened by the Allies with ultimatum after ultimatum to deliver under the terms of the armistice not only implements of war, but such vital means of civilian life as railroad locomotives, dredging craft needed for keeping the harbors in operation, horses indispensable for the harvest in the East, and what-not. Still, by offering an attractive plan and by appealing to the instinct of self-preservation of the people, we were able to collect, even under such circumstances, 3,500,000,000 gold marks in subscriptions for the first loan of the Weimar Republic. It was achieved in the dark days of November, 1919, when the communist Spartacus legions still fought in the streets of Berlin and when the first attempts at assassination of the Minister of Finances were planned by the rightist "Baltikumer," the forerunners of the Nazis. The success was achieved by the people in the face of a threat of failure of the potato harvest, the largest staple food of the country, and in spite of a breakdown of the railway system, which endangered the food situation of the large cities.

Would the American people in 1943 respond less fully to a sensible call for cooperation? It is absurd even to imagine otherwise. Once a sound offer is made, the returns will appear. Such offer naturally has to be utterly sincere, which means that Congress must forget the right to tax away later the now promised returns of the loan.

With the deficit substantially covered from savings the main pressure for the rise of prices for consumer goods would be gone. Naturally, we must resort to some system of rationing when we wish to eliminate waste and to keep up our war production effort as long as it is needed. But by a sound system of financing the war budget, we will be able to keep the prices of these rationed goods at fairly constant levels without the danger that production of the goods will be abandoned, or that considerable amounts will be diverted into black markets. Everybody then will consume less but nobody will be deprived of the buying power of his money. What all classes of the population will face then, and face gladly, is sacrifice. But no one will face suffering and starvation.

Irwin Harris Heads N.S.T.A. Committee

Irwin R. Harris of Scherck, Richter Co., St. Louis, Mo., has been appointed Chairman of the Public Relations Committee of the National Security Traders Association, Inc.

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The Business Man's Bookshelf

Bank Stock Survey—1943 Edition—Merrill, Lynch, Pierce, Fenner & Beane, 70 Pine Street, New York City—paper—no charge.

Conflicts—Studies in Contemporary History—L. B. Namier—The Macmillan Company, 60 Fifth Avenue, New York City—cloth—$2.50.

Employment in Manufacturing, 1899-1939—An Analysis of its relation to the Volume of Production — Solomon Fabricant — National Bureau of Economic Research, 1819 Broadway, New York City—cloth—$3.00.

Family of Thirty Million, A—The Story of the Metropolitan Life Insurance Company—Louis I. Dublin—Metropolitn Life Insurance Company, New York City—Cloth—The book, issued in connection with Metropolitan Life Insurance Company's 75th anniversary, is not for sale, but is intended to reach a wide public and will be distributed to libraries, the press, schools, colleges, banks, insurance and other business institutions and interested individuals throughout the country.

How Did We Get This Way?—H. B. Loomis and John B. Knox—Reprinted from the "Commercial and Financial Chronicle"—William B. Dana Company, 25 Spruce Street, New York City—Paper—35 cents a copy—Reduction for quantity orders—Ready for distribution April 1.

War Bonds Redeemed To Pay Income Taxes

Treasury figures disclosed on March 13 that $45,713,838 in war savings bonds were redeemed in the first 10 days of March compared with $8,919,983 for the corresponding 10 days last year, according to United Press advices. These advices added:

"Total redemptions since Jan. 1 now stand at $185,039,646 against $40,103,317 on Jan. 1, 1942.

"Nevertheless, war bond sales continue at a rate nearly six times the redemptions. Sales in the first 10 days of March totaled $262,-000,000.

"The redemptions this month are heavier than at any time since savings bonds were introduced and officials believe the public effort to pay the heaviest income taxes in history are the cause."

American Business Credit
"A"

Quaker City Cold Storage Company
5s, 1953

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The Commercial and FINANCIAL CHRONICLE

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THE FINANCIAL SITUATION

Recent discussions both here and abroad concerning post-war international relations appear to have taken a somewhat more realistic turn. A member of the British Government a short time ago spoke rather bluntly his disapproval of "friendly" advice from the United States concerning the British colonies, and the Prime Minister has more recently made it known that the speaker's was the official view in London. The American Ambassador in Moscow may have "spoke out of turn" when he complained of the way in which the facts concerning our aid to that country were—or, rather supposedly were not—being imparted freely to the Russian people, but no one supposes for a moment that his speaking was merely the result of injured pride.

U. S.-Russia-Britain

The British Secretary of State for Foreign Affairs is doubtless in this country for a number of purposes, but it is hardly to be doubted that among the matters that are engaging his attention Russian-English-American relations stand near the top, if not at the top, of the list. While the British Secretary was engaged in his discussion in Washington the London "Times" came forward with realistic suggestions for a British-Russian accord concerning European matters which quickly took this country by the ears and caused the British authorities here to feel it necessary to make an unofficial effort to disassociate their Government from the proposals of the London newspaper which has for time out of mind been regarded as reflecting or anticipating the official British policy. Meanwhile our own Administration has let enough be known directly or indirectly to indicate beyond any shadow of doubt that there are some real difficulties in the way of full post-war accord among the leading members of the United Nations group.

It Was Inevitable

Such difficulty was, of course, from the first inevitable. If the public in this country—or that part of the public which had permitted itself to become entranced with vague talk about "four freedoms"—finds itself disappointed or sorely aggrieved, that, too, has been inevitable from the first. The fact is that the "four freedoms," the so-called Atlantic Charter, and what are now commonly known as the master Lend-Lease agreements, are all much too vague to serve as other than a rallying cry to arouse the unthinking and the unrealistic. It was doubtless necessary to leave

(Continued on page 1115)

Gems From Churchill

I am absolutely determined not to falsify or mock that confidence (imposed on him by the British people) by making promises without regard to whether they can be performed or not. . . .

Therefore I tell you round your firesides tonight that I am resolved not to give or make all kinds of promises and tell all kinds of fairy-tales to you who have trusted me and gone with me so far and marched through the valley of the shadow till we have reached the upland regions on which we now stand with firmly planted feet.

And then after a sketch of European problems:

I only mention these matters to you to show you the magnitude of the task that will lie before us in Europe alone. Nothing could be more foolish at this stage than to plunge into details and try to prescribe the exact groupings of States or lay down precise machinery for their cooperation or still more to argue about frontiers, now while the war even in the West has not yet reached its full height, while the struggle with U-boats is raging and when the war in the Far East is only in its first phase.

At home:

We must beware of trying to build a society in which nobody counts for anything except the politician or an official, a society where enterprise gains no reward and thrift no privileges.

Thomas W. Lamont Successor To J. P. Morgan As Chairman Of International Banking House

The versatile and urbane Thomas William Lamont, son of a Methodist minister, former newspaperman, banker-statesman, international financier, publicist and academician, has succeeded to the Chairmanship of the Board of J. P. Morgan & Co. Inc.

Eminently fitted to carry on the direction of the affairs of the Morgan banking house, Thomas W. Lamont was on March 17 elected Chairman of the Board of J. P. Morgan & Co. Inc., as successor to the late John Pierpont Morgan, whose death occurred on March 13. Mr. Lamont, prominently identified with the Morgan bank for over 30 years, advances from the post of Vice-Chairman of the Board of Directors; he had at the same time served as Chairman of the Executive Committee of the Morgan bank, and in the latter post Mr. Lamont is succeeded by Russell C. Leffingwell, who had heretofore been Vice-Chairman of the Executive Committee. Mr. Leffingwell became a partner in the Morgan firm shortly after the first World War, having previously held the position of Under-Secretary of the Treasury. In the Discount Corporation of New York, of which Mr. Morgan had been a director, George Whitney, President of J. P. Morgan & Co. Inc., has been named to replace him on the directorate.

Thomas W. Lamont

Looking to the future, it is a salutatory thing that this many-sided man has been elevated to this important position as the head of this eminent banking house.

The era when the banking and securities underwriting houses were permitted to act as free agents in the legitimate promotion, development and expansion of the country's great industries has passed for the time being and a new era, when American enterprise and initiative are circumscribed by Government bureaus, Government edicts and "politicos" is now upon us and may be for some little while longer.

This being so, it is fortunate that one so conversant with not only international finance and world trade conditions but also with the social and political transitions we are undergoing has been selected to shoulder Mr. Morgan's responsibilities.

The head of whatever administration is in office in Washington when the war is concluded would do well to get Mr. Lamont's counsel in the knotty and intricate world business and financial problems that will then have to be solved.

Mr. Lamont was born at Claverack, N. Y., on Sept. 30, 1870. Before becoming identified with the Morgan interests he had been an official of both the Bankers Trust Co. and the First National Bank of New York; it was at the instance of the late Henry P. Davison that Mr. Lamont's connection with both the Bankers Trust and the Morgan bank had its inception. At one time, in his early days, Mr. Lamont, it is interesting to record, had been a reporter for the New York "Tribune." An outline of Mr. Lamont's activities throughout the years, is made available, officially, as follows:

"Entered firm Jan. 1, 1911, at invitation of the elder Mr. Morgan, H. P. Davison having preceded Mr. Lamont by two years.

"In 1903-08 one of organizing group of Bankers Trust Company, its first Secretary and Treasurer, later Vice-President.

"1909-1911 — Vice-President of First National Bank.

"When in 1915 Anglo-French Loan Mission, under Lord Chief Justice Reading, came to U. S. A., the late Mr. J. P. Morgan designated Messrs. Davison and Lamont to join him in negotiating the $500,000,000 Anglo-French Loan, Lamont then taking the Chief Jus-

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From Washington Ahead Of The News

By CARLISLE BARGERON

Your correspondent's distinct understanding of this country's recent history is that along about 1933 we quit envying the people next door, quit the old American custom of trying to keep up with the Joneses, and pitched our envying along class lines. Class was arrayed against class, as the political orators were saying up until the time that Pearl Harbor brought a superabundance of "prosperity," and as they are saying now more or less in terms of "absenteeism," of tirades against John L. Lewis, and about how both the farmers and organized labor are greedily and shortsightedly forcing us into inflation.

This business of envying is having its other manifestations, too. In his travels about the country your correspondent is frequently hearing people in lowly placed positions saying that the statesmen are overpaid, that they don't do anything, that all they do is go to teas and talk. This is a dangerous thought to be progressing among our lowly placed. It strikes at the very foundation of things and thus, I hereby hasten to refute it.

Now, if there is anybody who thinks statesmen don't have anything to do but ride around the world in Clipper ships and have interesting experiences, just consider the present visit to our shores of Mr. Anthony Eden, and the argument that is being advanced in political Washington coincident with his visit. I don't say he is advancing it himself because I don't know, not having been present at any of his conferences with Mr. Roosevelt or with Secretary of State Hull. But it is being advanced in British circles so uniformly that I doubt seriously they are speaking out of turn.

But first, as Mark Sullivan would say, let's recall Winston Churchill's speech of Sunday. A lot of people, certainly, got the impression that he was advocating two, instead of one League or Council of Nations, one for Asia, one for Europe, and that in the case of the latter, this country should have only a secondary part. This has sort of unnerved a lot of our gentlemen, our publicists and some of our Senators, who have been rushing to put the Senate definitely on record as favoring our entering into a union to police the world. And it is a fact that we seem to have been spreading our soldiers around, and to have been training civil administrators — at Charlottes-

(Continued on page 1127)

Good Neighbor Policy Seen By President As 'Blueprint Of Future'

In a message to the New England Institute of Inter-American Affairs, held at Boston on March 13, President Roosevelt said that the good neighbor policy — justice, freedom, liberty and opportunity—"is a blue-print for the future" and expressed the hope that the pattern "will be a practical guide for relations among nations everywhere."

The President's letter, addressed to Dr. Daniel L. Marsh, President of Brown University, which sponsored the conference, follows:

"I send through you my personal wishes for the success of the Institute on Inter-American Affairs, sponsored by Boston University. The conference, attended by delegates, teachers and students from all parts of New England, further contributes to the friendship and understanding which exist among the American republics today.

"I share with you the hope and conviction that the continental ideal of the good neighbor policy—justice, freedom, liberty and opportunity—will be adopted by all nations and all peoples in every corner of the globe.

"The good neighbor policy has been tested in peace and in war. It has survived those tests. In a world at war, it is a blue-print for the future. It is non-partisan, transcending parties and administrations, national boundaries and oceans. The determination of the Americas to keep the hemisphere secure against aggression is proof that free and independent countries can work together for a common cause, to protect the liberty, dignity and well-being of their peoples. The Western Hemisphere marches in the front line of freedom.

"When final victory is gained, our armies of free men will return to their homes, their farms, their factories, and their mines to build a new era of peace and liberty and international brotherhood. I forsee the day not distant when the pattern of international relations as demonstrated by the good neighbors of the Western Hemisphere will be a practical guide for relations among nations everywhere."

Money And Securities War Damage Liability

The Money and Securities War Damage Group, with central offices in New York City, wrote $1,245,000,000 of liability since commencing operations on Dec. 21, 1942, up to Jan. 31, 1943, latest available figures show, according to the New York "Journal of Commerce" of March 10 which added:

"Of this amount $1,102,000,000 was on securities and $143,000,000 on money. Premiums were estimated at approximately $350,000.

"Nearly all States were represented in the distribution of liability, the heaviest concentration being on the East Coast. New York State headed the list with $450,000,000 on securities, and $45,000,000 on money. In Connecticut $37,500,000 was written on securities, and $5,000,000 on money.

"The distribution by class of coverage on a percentage basis was as follows:

"MONEY — Coverage A, 36%; Coverage B, 27%; Coverage C, 19%; Coverage D, 18%.

"SECURITIES — Coverage A, 70%; Coverage B, 4%; Coverage C, 12%; Coverage D, 14%."

An item bearing on the Money and Securities War Damage Group appeared in our Dec. 31 issue, page 2334.

Editorial—

War Behind The War

"Shameful" and "scandalous" would be weak words with which to characterize the spectacular recklessness with which the struggle for survival between the leadership of the New Deal and John L. Lewis is now being conducted within the sight of all America. "Grotesque stupidity" would be a mild term in application to the conduct of the people of this country if both protagonists in that indefensible contest are not speedily subjected to reasonable restraint in the interest of the whole nation and to restore and preserve the integrity of the war effort which is every day being subtly subverted and threatened with abrupt dissolution.

Partners in 1933 in the bold conspiracy to destroy the American Federation of Labor, the seeds of irreconcilable conflict were from the beginning visible in the plain purpose of each of these leaders to transform the labor movement into a pliant instrument for his own advantage. Uniting in the determination to destroy the life-work of Samuel Gompers, with all his failings the most philosophical and far-seeing of all labor organizers, the impermanence of their union was implicit: Franklin D. Roosevelt wanted the labor vote in order to give value to the label "Democratic," after he had carried out his plan to filch it from the real Democratic Party and make it the designation of the amorphous group, compacted only in selfishness, which he was collecting under the revolutionary banner of the New Deal; but John L. Lewis wanted to attain undisputed control over the same vote in order to use it at will as a trading unit to be utilized whenever and wherever his future interests and intentions might indicate. Nevertheless, with many controversies and conflicts which did not wholly escape recognition from the more keenly observant, the unstable partnership persisted throughout the first Presidential term and, in the election of 1936, the New Deal "sat at Labor's table," as Lewis subsequently taunted, and gorged itself with controlled votes contributed by the tens of thousands and with sweated dollars mounting to millions extorted from workmen under union coercion, the United Mine Workers alone being forced to supply in excess of $500,000, although these workmen were said to be "underpaid" and were certainly abused and misled by the leadership which they blindly trusted. But the parting of the ways had become imminent by the time that the cash contributions had been raked into the partisan coffers and the votes dropped into the ballot-boxes. It became public, although not everyone perceived its extent and finality, when the President, impotently indignant that his importunate associate should demand his full sixteen ounces of throbbing flesh, quoted with untimely relish Shakespeare's "a plague on both your houses," and Lewis arrogantly, although pertinently, retorted with the too-warrantable implication that but recently the former had played the part of the impecunious Lazarus in relation to his own impersonation of the affluent and bountiful Dives.

Expanding revelation, from that time to the present, has now disclosed an implacable warfare which can end only in the "unconditional surrender" of one leader or the other, which is unthinkable of the proud and indomitable Lewis and most unlikely as to the President, unless sometime the political potentiality of the former looms as large in the fears of the latter as did that of William Randolph Hearst before the 1932 conventions when, as candidate for the nomination, Roosevelt publicly recanted, under threats from the publisher, as to the League of Nations. The exigencies of his position, in 1940, probably forced Lewis to support the Republican candidate for the Presidency, and he lost, as no doubt he anticipated, the first round in the open conflict, with consequences far from fatal to his aspirations, but now manifesting themselves in conditions in which he must at least retain his present position or perish, and must strengthen that position speedily or succumb before the secret onslaughts of the New Deal and the steady progress toward restored supremacy of the American Federation of Labor.

Such a situation inevitably must impell any leadership toward extreme measures. And, in this case, in proportion as either leadership is willing to ignore its obligations to the public, to disregard and violate its responsibility for the general welfare, and above all to be false to its basic duty to strengthen where it can and never to impair or weaken the vital war effort of the American people, the most extreme measures are certain to be attempted. They are today being attempted, by both sides, almost without dissimulation or disguise and in the plain sight of every patriotic citizen who is awake to the conditions and requirements of a war that is being so conducted as to make it the most demanding, the most exhausting, and to the United States, the most dangerous struggle in all human history.

The effort of Mr. Lewis, the technically private citizen so strongly entrenched in the leadership of the United Mine Workers of America, a subservient organization substantially co-extensive with the industry of mining and merchandising both bituminous coal and anthracite, is the simplest, and might probably be called the crudest and most plainly arbitrary, but by no means should it be considered the most dangerous. He threatens, in the baldest and most unmistakable terms, abruptly and within no more than one week from the publication date of this issue of "The Chronicle," to halt, completely and until he has been appeased by additional concessions themselves immeasurably burdensome to the people and to the war effort, the entire production of soft coal—the principal fuel of the war industries. Successful execution of that dire threat would mean the complete cessation, within some two weeks, of the whole effort of war production and of about all the domestic transportation in aid of that war effort. Whether the Lewis purposes are intentionally and irreconcilably inimical to the effective prosecution by the United States of the great war to which the country has been committed by his still more potent rival, or whether his plans extend solely to the subjugation of that rivalry, can be neither clear, nor, at this time, important. Perhaps those purposes reach no further than compulsion to the acceptance of an economic direction founded upon the cupidity of a single group, whose latent patriotism may not have been as yet wholesomely aroused or fully illuminated by instruction in international affairs, and to be exercised by an individual without responsibility to the Nation and wholly independent of legislative restraint or, indeed, of any limitation not self-imposed.

Whatever the truth may be, whether his opposition to the President includes opposition to what he is rumored to have designated as "the President's war," the threatened consequences are the same, in both cases equally fatal. Only a blind or confused and helpless public would tolerate such methods or condone conduct so effectively treasonable, even though it may be fundamentally naive and therefore intrinsically innocent. Congress is in session. It is empowered to act adequately in the protection of the last public interest found to be threatened. It cannot act too decisively or too promptly.

The other side of the picture is less easy to portray, because it is incomparably more subtle in its elements, and its recklessness, although in no degree less threatening, apparently must be founded upon exaggerated estimates of the productive, military and naval strength of the American people and of the impregnable durability of their morale, not at all or in any degree upon willingness to enforce against them, or any section of them, sacrifices actually in excess of those which in some manner they are capable of supporting. Nevertheless, the estimates may be exaggerated beyond reason and the supposed capacity for endurance may be rapidly approaching impassable barriers which remain invisible to an optimistic leadership that undertakes unblinkingly to envisage two objectives, effort toward the attainment of either of which must necessarily subtract something from the force available for realizing the other.

This Administration has not, at any time, displayed superior capacity or even quite the minimum of desirable capacity that ought to exist, for the admeasurement of the available forces at its disposal. It has developed rather less capacity in their conservation and coordination, and in the economy of their utilization. Each and every of its perhaps too numerous and sometimes scarcely reconcilable objectives, military and other, seems to have been pursued upon occasion as though it were the sole and exclusive objective and without regard, or reasonable regard, to the effect upon the great complex of objectives which, if all must be entertained, ought plainly to be envisaged in their entirety, none being excluded from the view, none being accorded greater weight than its proper importance demands. It is by no means unlikely that those in ultimate authority may be similarly weak and improvident in the present greatest of all exigencies. From the beginning, the Administration's concessions to organized labor, that is to the professional leadership of the organizations, have been measured solely by the demands upon its complacency and the ruthlessness of the pressure which this leadership has been willing to apply. With man-power strained to the utmost, with agricultural production insufficient for the suitable subsistence of the armed forces and for maintaining the standards of civilian nourishment above the bare level of safety, not one effective step has yet been taken under the authority of the Chief Executive, to curtail the extravagant, man-wasting, "feather-bed" practices universal in the railroad industry and common everywhere; to prevent restriction of output under labor organization rules and direction; to enforce anywhere a decent day's work and decently regular devotion to accepted employment; even by labor compensated at rates never before equalled and themselves grossly discriminatory as against the allegedly "ill-fed, ill-clothed, and ill-housed one-third of the country's citizenship" for whom official sympathy was but recently so vociferous.

On the contrary, the wasteful and indefensible practices have multiplied and expanded under the favor of the Federal agencies and wherever the union leadership has been blind or indifferent to opportunities in any of these directions, or sluggish in pressing for the advantages afforded, they appear to have been awakened and spurred onward by official suggestions. Nowhere has agriculture or the effort of industry not organized by the labor leaders failed to suffer grievously from these conditions and their persistent and continued encouragement. No foreign ally in the war effort intended to be aided under the generous provisions of the "Lend-Lease Act," recently extended by Congressional enactment, has received as much as it might have received if these labor-wasting impediments to efficiency had not existed to limit and contract the war effort of the people. Upon no front where the sons of America are aligned against the still dangerous enemies who must be defeated, are the fighting forces of the United States or the co-operating allies as well armed, as well supplied, as well fed, as potent in either offense or defense, or as well protected against losses of lives or impairments of health, as they would be if labor upon the home front was not continuously coddled and coaxed by detrimental concessions to its leadership which cannot be allowed to bear the light of day.

The second front, for which Russia vainly pleads and for which the right-thinking people of the entire world wait with expectant hope, is postponed to some indefinite date which might have been long anticipated if the available supply of domestic labor had been utilized with reasonable efficiency, which still can be notably advanced if such reasonable utilization is forthwith ensured by prompt rectifications of the official attitude and practices. If there is anywhere any denial or any doubt of the absolute verity of these assertions let Congress immediately investigate the wastes of "feather-bed" practices upon interstate railroads and estimate their extent. Or let the President make that inquiry as he did through the small committee so promptly productive of improvement in the rubber situation.

Franklin D. Roosevelt may know these things only vaguely and merely in a general way, but his is the responsibility and in his hands lies the plain and simple remedy. He will see that it is applied whenever he sees clearly that the temper of the people will accept and tolerate nothing less. Supine delay upon the part of the Executive is as inexcusably reprehensible as arrogant aggression on the part of John L. Lewis. If both are not speedily discontinued the vigorous appeal of an offended people must be addressed to the Senate and House of Representatives. When everything has been said, the Executive Department, wherever legislation is permissible, is the agent of the Congress, subject to its direction, and the power and responsibility finally rest with that body.

THE FINANCIAL SITUATION

(Continued from first page)

them in these more or less meaningless generalities, or it would not have been possible to obtain the necessary signatures. Once they were given a definitive meaning of the sort apparently intended by the President and the various spokesmen for the Administration, the entire scheme must inevitably have fallen by the wayside.

Russia In Europe

From all accounts the sticking-point at the moment is the Eastern European policy of Russia after the war—assuming, of course, full and final defeat of Germany. It is a well shared secret that this phase of the situation has been troubling the Administration for a long while past. It is said to have taken all the persuasiveness of the President, plus his strategic position as the head of the Arsenal of Democracy, to persuade Russia to sign an accord with Great Britain without explicit approval by the British Government of Russian intentions in Eastern Europe—at least so far as the Baltic States and Poland are concerned. It would be naive indeed to suppose that omission of some such arrangement from the accord put an end to this issue.

Realistic Britain

Nor is there much reason to doubt that Britain would like to come to definite terms with Russia, more or less in accord with what Russia is known to want and to expect to get. What the London "Times" did, so much to the discomfiture of many of our dreamers, was in essentials to explain the Russian attitude, and to make it clear that Russia's position toward eastern Europe was at bottom but little different from Britain's as regards western Europe, and to add that Britain would be wise to see these things through untinted and non-distorting spectacles. Russia's western frontier lies on the Oder, in much the same sense that Britain's eastern frontier in Europe lies on the Rhine, says this newspaper, which is old and wise in ways of world politics, as indeed are all leading Britons. Nothing that the British authorities have unofficially made known to the press in any way suggests that the British Government is not fully alive to these facts, or that it is disposed to oppose Russia with vigor—or that it believes it could be effective in opposing Russia even if such a course were to be chosen.

What Could Britain Do?

In summary, the situation seems to be about this: Russia has her own ideas about making herself safe from Germany in the future. Her ideas are not in accord with any rational or reasonable interpretation of some of the phrases in the so-called Atlantic Charter, though doubtless loopholes can and will be easily found—if Russia feels any need of loopholes.

Great Britain has her own ideas about making herself secure in Europe from Germany. They may or may not collide with the spirit of the Atlantic Charter, but if not that is because of the existence of conditions in Western Europe quite different from those in Eastern Europe. The idea of a "cordon sanitaire" around the eastern boundary of Germany has been pretty well discredited during the past decade. France has, for a period at least, fallen from the ranks of Great Powers. It could scarcely be surprising if Great Britain, well versed in the ways of world politics and accustomed through the centuries to adjusting herself to that which she could not change, came to the conclusion that it would be the part of wisdom to leave Eastern Europe to Russia's domination—or perhaps that there is no other course open to her.

Now, where does this leave us with our "global thinking"? The answer of the typical European—and in this Russia as well as Britain must be included—is not difficult to imagine. What interests have we in Europe, they will ask. All this "scare-head" talk of Germany reaching out to conquer this country, they will doubtless think if they do not say, was good enough for war purposes—and in any event will have no more basis upon which to rest once Russia and Great Britain secure themselves against Germany. Besides, we want permanent bases, too, and if we are able to get them without doing serious injury to the spirit of the Atlantic Charter that is due to fortunate circumstances. We want no additional territory as such—but both Russia and Britain would be ready enough with the reply that neither do they; that what they have in mind are strategical points and positions for their own defense.

Our "Four Freedoms"!

What then are we to reply? If we are wise we shall not waste much breath and time talking to Mr. Stalin about the "four freedoms"—or, for that matter, about the aid we have given him, since we are ourselves on record as having done so as a measure of defense of our shores. The British are not likely to be quite so blunt as Mr. Stalin, but they have their own way of making themselves understood. In fine, this situation that has now been thrust upon the attention of the public just at the time when the ultimate in military cooperation is of the utmost importance may well develop into what is known in world politics as an impasse. We may be able to gloss matters over and proceed until some later date when the war shall have actually been won, but we are not very likely to be able to do a great deal more.

And this war is global, not merely European. There are many other tangles which will confront our reformers before the matter is done with.

Had We Not Better?

Had we not better leave the lid on these Pandora's boxes until the war is won?

Had we not better reconcile ourselves now to the fact—for fact it is—that we shall not be able to make the world over in our own likeness?

Had we not better, meanwhile, be giving more thought to that invasion of the United States—already taking place—that on-rushing stream of communistic ideas from Russia?

Chicago Fiduciaries Elect

The Chicago Corporate Fiduciaries Association, at their annual meeting held March 19, elected the following officers: President, Chester R. Davis, Vice-President and Trust Officer of Chicago Title & Trust Co.; Vice-President, Mark W. Lowell, Vice-President of Continental-Illinois National Bank & Trust Co.; Secretary-Treasurer, Clarence B. Jennett, Vice-President of the First National Bank of Chicago.

House Votes Bill To Put Labor Costs In Farm Parity Prices

The House passed on March 19, by a voice vote, the legislation calling for upward revision of the farm parity price formula so as to include all farm labor costs.

In an effort to speed action on the measure, the Senate Agriculture Committee on March 22 voted to accept the favorable report of the House Farm Committee and on March 23 sent the bill to the Senate floor. The bill, sponsored by Representative Pace (Dem., Ga.), has been pending before the Rules group since its approval by the House Agricultural Committee on Jan. 22. The measure stipulates that in calculating parity prices, allowance shall be made for the increased cost of farm labor since the 1909-14 period, the base period generally used in determining fair levels.

The cost of all farm labor would reflect "on the basis of the national average and including hired workers, farm operators and members of the families of farm operators engaged in work on the farm, computed for all such labor on the basis of wage rates for hired farm labor."

A similar bill, offered by Representative Brown (Dem., Ga.), was approved by the House Banking and Currency Committee on Feb. 26.

Last September, President Roosevelt expressed his "unalterable opposition" to any recomputation of parity in order to include farm labor costs, and officials of the Office of Price Administration at that time also opposed the legislation, contending that it would add about $3,000,000,000 to the over-all cost of living and lead to "runaway inflation." Sponsors of the legislation find no justification in the OPA viewpoint, saying the bill would not create any considerable increase in the cost of living this year, estimating it at less than $1,000,000,000.

Revision of the parity formula to include the cost of all farm labor, it is estimated, would raise parity prices by 10% to 12%.

A similar measure was approved by the House last December but failed of passage in the Senate; this was referred to in our issue of Jan. 7, page 71.

To Honor Chile

On March 25, the Latin American Section of the New York Board of Trade will hold a luncheon in the Grand Ballroom of the Waldorf-Astoria in honor of the Republic of Chile.

Ambassador Rodolfo Michels of Chile will be the principal speaker and General Escudero, Chief of Staff of the Chilean Army, who recently arrived here, will also be present, along with General Espinoza, 3rd ranking Chilean General and delegate to Pan American Defense Congress at Washington. General Hugh Drum will represent the U. S. Army at the luncheon.

This is the first large luncheon in honor of Chile since severance of her diplomatic ties with Germany. About 1,200 guests are expected and arrangements have been made with the Co-ordinator to broadcast addresses over shortwave to Chile. The Chairman of the luncheon is John B. Glenn, Chairman of the Latin American Section and President of the Pan American Trust Co. Other guest speakers include James H. Edwards, Chief of the Division of International Economy of the Department of Commerce, and Paul W. Alexander, President of Wessel Duval and Co.

The State Of Trade

Most industrial reports continue to reflect a high degree of activity, and higher levels of operation are looked for the coming months.

Electrical energy distributed by the electric light and power industry for the week ended March 13th, totaled 3,944,679,000 kilowatt hours, an increase of 17.5% over the 3,357,444,000 reported for the like 1942 week, according to the Edison Electric Institute.

The total for the week, however, declined 1,951,000 hours below the 3,946,630,000 in the preceding week. All seven major sectional divisions showed increases over last year, with the greatest increase being shown by the Pacific Coast area, which gained 25.8%. The Southern States area was second with 24.1%.

Carloadings of revenue freight during the week ended March 13th, were 769,042 cars, according to the Association of American Railroads.

This was an increase of 2.7%, compared with the preceding week; a decrease of 3.8%, compared with a year ago, and an increase of 1.2%, compared with two years ago.

The Chairman of the Southern Freight Association declared at a hearing of the railroad wage dispute recently that present railroad traffic is temporary and abnormally high, and predicted that after the war the carriers will face greater competition from other transportation media than ever before.

Mr. Kerr reported an "astounding growth" in railroad freight traffic in the last year and said that for each inhabitant of the United States the railroads performed on an average 4,777 ton miles of haul, the highest ever recorded.

This peak could be accounted for only by traffic incident to the war, he said, and by the assumption by railroads of burdens ordinarily carried by other modes of transportation.

Steel production in the United States is scheduled this week at 99.1% of capacity, indicating output of 1.716,100 net tons, according to the American Iron & Steel Institute. The current rate compares with 99.3% last week when output amounted to 1,719,500 tons. For the comparable 1942 week production totaled 1,681,600 tons.

"Plate production continues to meet essential demands and a new record is forecast for March," according to the publication "Steel." It is said that shipyards, both private and naval, are well supplied with plain and partly fabricated material to meet the increased programs now under way.

Department store sales on a country-wide basis were up 3% for the week ended March 13th, compared with the corresponding week a year ago, according to the Federal Reserve System.

Store sales for the four-week period ended March 13th, were 18% higher than in the like period a year ago.

Department store sales in New York City in the week ended March 13th, were 3% larger than in the like 1942 week, and in the four weeks were 14% higher than in the comparable period last year, according to the New York Federal Reserve Bank.

Retailers were happy to discover that tax payments over the week-end had not brought the decided let down which they had anticipated. Preliminary figures for the country showed the Pacific Coast and Southwest continuing to lead, with gains of 9 to 16%.

Jesse Jones, Secretary of Commerce, forecast on the basis of present price levels and existing tax legislation a new all-time record high for national income for 1943 of $140.000.000.000, compared with $83,000,000,000 in 1929. $119.800.000,000 in 1942 and $95,600,000,000 in 1941.

The estimated value of national production is $180,000,000,000, also a new high record. Last year national output was totaled at $151,600,000,000.

The sharp rise in 1942 was due in part to rising prices, but even after adjustment for price change the gross production rose by almost 20% from 1941 to 1942. Mr. Jones pointed out that this phenomenal expansion resulted from mobilization of our economic resources for war and that there was actually a sharp decline in the total of non-war output.

"The progress of war production," Mr. Jones said, "is shown by the fact that war expenditures accounted for 32% of the gross national production in 1942, as against 10% in 1941. By the fourth quarter of last year war expenditures constituted 42% of gross output.

Hardest hit by the war were private business capital outlays, he declared. The consumer was affected by shortages in particular lines, but in the aggregate, received almost as much goods and services in 1942 as in 1941.

Because consumer income advanced substantially, while outlays were limited by the shortages of goods and by price control, individual savings were at the "phenomenally" high level of $26,900,000,000 for 1942, he declared.

Survey Finds No Need For Newsprint Cut Now

The American Newspaper Publishing Association issued a statement on March 9 in which it says that an exhaustive and independent investigation conducted by it, which will be continued "agrees with the findings of Washington and Ottawa that Canada is able to meet newsprint requirements in the months ahead and this is important because approximately 75% of the newsprint used in the United States comes from Canada."

The statement also refers to "the decision Washington and Ottawa officials reported in dispatches on March 4 that no further curtailment in the use of print paper for newspapers, magazines, books and commercial printing will be made at least until after July 1."

As to rumors of a reduction in newsprint of 40 to 50%, the statement, sent to members of the Association by Cranston Williams, general manager, said its independent investigation will be continued, and was undertaken to "cut through the haze of gossip and opinions." The Association states that its study of the situation "brings out conclusively that the basic problem at the present time is the wood supply." The Association further says in part:

"It has not been established that other factors are an immediate threat to the newsprint supply.

"Probably the most revealing fact disclosed by this study is that as a result of a better than expected wood cut in Canada this season, no shortage of pulpwood for newsprint making exists in Canada. Meanwhile, some of the talk of the need to cut newsprint consumption has been based largely on the wood supply in the United States where newsprint manufacturing is a small factor in the pulp and paper industry. In other words, at times it has appeared as if an effort was being made to becloud the situation by lumping newsprint with the entire paper and pulp industry in the United States, although newsprint is primarily a Canadian product.

"Treating North America as a single unit in paper and pulp production opens the possibility at times of overlooking the strictly specialized aspects in so far as newsprint and Canadian paper and pulp potentialities are concerned. Another government agency in Washington, OPA, does not automatically treat North America as a single unit in considering newsprint price ceilings.

"Another important aspect of the paper and pulp situation which should have careful consideration as to the newsprint supply is that there is a minimum of wood waste in making newsprint paper. A ton of newsprint requires only about one cord of wood while papers using considerable sulphite such as book, tissue and writing papers require about two cords of wood per ton. Also, there has been a steep increase in manufacture and use of sulphite papers since 1939 while newsprint production in the United States and Canada has remained fairly stable.

"Since wood is admittedly the critical factor in the paper and pulp situation, the logical conservation step would seem to involve cutting the relative use of papers which are heaviest wood consumers. Sulphite papers take nearly 40% of all the pulpwood produced in North America. By comparison, newsprint uses less than 20%. It does not follow automatically that all reductions in paper and pulp consumption should be on the flat percentage basis for every kind of paper.

"Price factors are also importantly involved in any step that would further curtail the Canadian newsprint production. Because of the high capital investment in newsprint mills, there have been estimates that another 10% reduction in newsprint consumption would add from $2 to $3 a ton to the cost of manufacturing. This in turn would bring pressure to add to the $4 a ton price increase which went into effect on March 1.

"Just because there has been delay of any further reduction in newsprint consumption by WPB order and presumably until at least July 1, there should be no relaxation in efforts of newspapers to reduce newsprint consumption to an absolute minimum. Reports from all daily newspapers show that much has been accomplished by newspapers individually in reducing consumption and they are urged to continue those efforts with reinforced energy."

Peabody To Aid In New War Loan Drive

The appointment of Stuart Peabody, Director of Advertising for the Borden Company of New York City, as Advertising Specialist in charge of promotion incident to the Second War Loan campaign which begins on April 12, was announced by Secretary of the Treasury Moragenthau on March 11.

In his new capacity, Mr. Peabody will assist William M. Robbins, named recently by Mr. Morgenthau to head the new United States Treasury War Finance Committee. The Treasury announcement added:

"Mr. Peabody will serve for the duration of the drive. He has been affiliated with the Borden Co. for the last 19 years, all of which have been spent in the advertising field, and has been granted a leave of absence to aid the Treasury.

"He is a former President of the Association of National Advertisers, a director of the Audit Bureau of Circulation, and a member of the Advertising Council, the official advertising body which cooperates with Government agencies."

Editorial—

Report Of United States Steel Corporation

United States Steel Corp.'s annual report for 1942, reporting attainment of a steel ingot tonnage production 28% greater than in the peak year of World War I, is released today as "a production story—and a financial story—of a great war effort." Production by U. S. Steel in 1942 of 30,029,950 net tons of ingots as well as the manufacture of a steady flow of products entering into thousands of items used in prosecuting the war are described by Irving S. Olds, Chairman of the board of directors, in his review of the year contained in the corporation's forty-first annual report. The victory parade of steel ingots was listed as only one of several principal contributions of U. S. Steel to the war effort. These contributions are enumerated as follows: "First, a record volume of steel and other materials needed not only for the fabrication of essential war products but also for the creation of new facilities to make such war products has been produced. Second, the technical ability representing many decades of accumulated research and experience has been made available for the requirements of the Government. Third, the construction and operation of vast new facilities for the Government in connection with the war effort have been undertaken. Fourth, millions of dollars of U. S. Steel's funds have been expended for various facilities contributory to the war effort."

Net income of the corporation and subsidiaries amounted to $71,818,659 in 1942, as compared with $116,171,075 in 1941. Total sales and revenues, $1,865,951,692, were higher than for any other year in U. S. Steel's history and compares with $1,622,355,922 in 1941. But, increases in wages and salaries, about $23,000,000 of which resulted directly or indirectly from National War Labor Board directives, increases in total tax provisions, and other increased costs and charges, reduced the net income for 1942 to an amount 38% below that for 1941. After the deduction of dividends on the preferred and common stocks totaling $60,032,685, there was left from the 1942 income the sum of approximately $11,785,884 to be carried forward for future needs, compared with $56,138,390 in 1941, when dividends in a like total amount were declared.

In discussing manpower, the report states that approximately 70,000 men and women have left the employ of the corporation to serve the nation in the armed forces. To replace these employees, and to meet manpower requirements, nearly 100,000 employees have participated in an intensive training program. "The subsidiaries thus far have met turnover and personnel recruiting problems with success, as is illustrated by the excellent operating levels maintained during 1942," Mr. Olds said.

In filling the raw material requirements for maintenance of record-breaking steel production, new highs were achieved in movement of raw materials, particularly iron ore, coking coal and limestone. An average of 200 fifty-ton carloads of these basis materials was transported every hour 24 hours a day during 1942, to supply the requirements of northern blast furnaces alone.

Quoting from the report: "To further the war program, U. S. Steel, so far as permitted, has assisted various outside producers of war material through making available to them its knowledge and experience." As an illustration, the development of the airplane landing mat is cited. The serious problem of handling plane landings on hastily built air fields was solved with the war-time invention by Carnegie-Illinois Steel Corp., a U. S. Steel subsidiary, of a landing mat, consisting of portable interlocking steel sections. It was pronounced the outstanding development of the year in the field of aviation by the Chief of the Army Air Force. As mass production methods were evolved, other companies were licensed to use the process, and thirty smaller manufacturers are now producing these landing mat sections in quantity.

Again quoting from the report: "U. S. Steel is justly proud of the more than one thousand production records achieved by its subsidiaries in 1942—accomplishments which have won for many of them official recognition by the War and Navy Departments and by the Maritime Commission."

Pointing to U. S. Steel's shipbuilding accomplishments during 1942, the report reveals that one subsidiary, Federal Shipbuilding and Dry Dock Co., completed more destroyers for the Navy Department in shorter building time than any other shipyard in the country. A new shipyard built by this subsidiary for the Navy Department began operations five months after ground was broken. Federal's deliveries of 64 completed ships tripled in value its deliveries for 1941, and more than equaled the combined values of its completed ships during the six preceding years. This service to the Navy and U. S. Maritime Commission was possible because Federal continued in the shipbuilding business despite heavy financial losses during a number of years following the last war. A fully equipped shipyard for the production of the latest type of tank landing craft was constructed and is being operated for the Navy Department by American Bridge Co., another subsidiary.

An interesting comparison of the use of U. S. Steel's own resources and of Government funds for the expansion of emergency facilities undertaken by U. S. Steel from June, 1940, to the end of 1942, shows that the ratio of U. S. Steel's investment to the use of Government funds was 65c of its own money to every dollar of Government funds used. This compares with a ratio for all industry of 27c of private funds to one dollar of Government funds. In this expansion program, U. S. Steel's private investment was $282,000,000, as compared with $436,000,000 of Government funds expended, making a total of $718,000,000 expended in the program.

During 1942 U. S. Steel subsidiaries expended a total of $117,546,022 for additions to and betterment of property. In discussing the expansion program, the report says: "In considering the recent expansion facilities, it is well to recall that early in 1940 during the hearings before the Temporary National Economic Committee, U. S. Steel was charged with having unneeded capacity. It was not foreseen by these critics that very shortly steel would be required for a multi-ocean navy, thousands of merchant ships, scores of thousands of airplanes and tanks, and for other needs of the United Nations. But U. S. Steel then contended that the true function of the steel industry is always to be prepared to satisfy the nation's needs for steel whether in peace or war. That was a restatement of U. S. Steel's historic policy. U. S. Steel was able to produce the types, quality and volume of its 1942 output because in the ten years prior to 1940 it had spent about $600,000,000 for new and improved facilities. Since then, about $431,000,000 more of its funds has been authorized for additions, improvements and replacements."

The average number of U. S. Steel employees in 1942 was 335,866—the highest on record. Including amounts charged to construction, there was paid to these employees as compensation during the year a total of $738,444,009. The payroll for these employees was more than twelve times the amount of the total preferred and common dividends paid for 1942. The total compensation of all executives receiving $10,000 or more a year during 1942 represented less than 1% of the total payroll.

Total direct tax provisions in 1942 were about $228,000,000; in 1941, $192,000,000. The 1942 provision for Federal taxes on income included $65,500,000 for normal and surtax and $90,000,000 for excess profits taxes, after deducting post-war excess profits credit of $10,000,000 resulting from debt retirement.

Net working capital of United States Steel Corp. and subsidiaries at Dec. 31, 1942, was $523,000,000 compared with $496,000,000 at the close of 1941—an increase of $27,000,000. These sums are after the exclusion at each date of $60,000,000 cash for the purpose of meeting large uncompleted or future authorizations for facilities.

There was retired during the year a total of $41,000,000 of U. S. Steel's long-term debt. Of this amount, $30,000,000 represented United States Steel Corp. serial debentures called for redemption during the year and the remainder represented these and other issues maturing in 1942. No new bonds were issued in 1942. The total long-term debt outstanding at Dec. 31, 1942, was nearly $152,000,000.

Quoting again from the report: "Prices of major steel products today are about the same as in 1939. In addition to higher taxes, 1942 costs were affected by wage rate and salary increases occasioned by or resulting from directive orders of the National War Labor Board, and by increases in the costs of materials and services bought outside. The average cost of an hour of labor has increased about 58% since 1929. The composite price of such representative steel products as bars, plates, rails, shapes, sheets and strip in 1942 was 2% lower than in 1929. Increases in labor costs have not been offset by increases in steel prices.

"In 1942, U. S. Steel received for its products and services the largest sum of money in any year in its history. It paid out the largest sum in any year for wages and for products bought from others. But it earned for its stockholders the smallest sum per dollar of sales in any year when it had earnings, except in two years. In 1941, sales increased over the previous year by $543,000,000 and the payments for workers increased by $164,000,000; in 1942, sales increased $244,000,000 and the payments for workers increased $154,000,000.

"It will be noted that for each dollar paid in dividends to the owners of the common stock, the cost of workers was about $22 and taxes were about $6. It is obvious that any substantial increase in the cost of workers or in taxes could only be met by still further absorbing the returns to the owners or by increasing the prices of steel products."

More elaborately illustrated than previous reports of the corporation, the 1942 booklet contains 18 photographs depicting intensified production activities within the mines, plants and shipyards of corporation subsidiaries. The report has been reviewed by the Army, Navy and U. S. Office of Censorship.

Thomas W. Lamont Successor To J. P. Morgan As Chairman Of International Banking House

(Continued from first page)

tice and his associates to meet the Middle-West bankers at Chicago. Was active in the other loan operations, etc., to Great Britain and France.

"Upon America's entry into the War, April, 1917, alternate to Mr. Morgan on Liberty and Victory Loan Committees.

"Nov.-Dec., 1917, visited England and France as unofficial adviser to one of the American commissions.

"1919—January-July. In attendance at Versailles Peace Conference as representative of the United States Treasury and adviser of President Wilson on economic and financial matters.

"1920. At invitation of Department of State and British and French Foreign Offices, visited China and Japan to complete arrangements in regard to Consortium for Assistance of China. In 1927 again visited Far East.

"Throughout 1920s visited Europe each year, and was active in American loans for post-war reconstruction.

"1929—January to June, with Owen D. Young, J. P. Morgan and T. N. Perkins, was American delegate to Young Plan Conference Reparations in Paris. July, 1929, as Chairman of the American Section, attended Congress of International Chamber of Commerce at Brussels.

"In 1921, at suggestion of Department of State, visited Mexico City to arrange for Mexican Government refunding of foreign debt, representing International Committtee of Bankers on Mexico. Still Chairman of same and recently signed in behalf of Committee a fresh refunding agreement, now ratified by the Mexican Congress.

"Other foreign trips include those to Spain, to Egypt, to Greece; to South Africa as guest of General Jan C. Smuts.

"Business directorships include United States Steel Corporation, Atchison, Topeka and Santa Fe Railway, International Minerals and Chemical Corporation, Lamont, Corliss & Co., Inc.

"Educated at The Phillips Exeter Academy, of which he is President of the Board of Trustees; and at Harvard College, of which he served as an Overseer for twelve years.

"Trustee of the Carnegie Foundation for the Advancement of Teaching, of the American School of Classical Studies at Athens, of the Metropolitan Museum of Art, of the Academy of Political Science, Chairman of the Executive Committee of The Pilgrims of the United States.

"Has been decorated by various foreign Governments. In 1937 Pope Pius XI conferred on both Mr. Morgan and Mr. Lamont the Grand Cross of the Order of St. Gregory the Great.

"Has written frequently for the daily and periodical press and spoken at various gatherings on financial, economic and public relief topics.

"Received the honorary degree of LL.D. from Harvard University, Columbia University, New York University, University of Rochester and Union College, Schenectady, N. Y."

We also append the following addendum:

On the purely personal side, he [Mr. Lamont] comes from Scotch stock; his paternal ancestors having emigrated from Argyllshire by way of North Ireland to America in 1750—three brothers, Archibald, John and Robert, the third being Mr. Lamont's great-great-great grandfather. Robert settled in a little village in Eastern New York State called North Hillsdale, where an ancient tombstone marks his grave. His son William fought in the Continental Army in the Revolution and witnessed the surrender of the British General Burgoyne at Saratoga in 1777. It was from this great-great grandfather that Mr. Lamont's middle name comes down.

The son of a Methodist Episcopal clergyman, most of his boyhood was spent in village parishes on the west bank of the Hudson River. Through school, Phillips Exeter and college, he earned a share of his own expenses by tutoring his fellow students and writing for newspapers.

"Beginning with the World War No. 1, came in contact with leading statesmen on both sides of the water: Asquith, Lloyd George and others in England; Clemenceau, Prime Minister of France; and during the Peace Conference at Paris was one of the so-called experts summoned to the almost daily conferences with President Wilson and Prime Ministers Lloyd George of England, Clemenceau of France and Orlando of Italy.

"In the post-war years maintained his international contacts, as already stated, by annual trips abroad and entertained at his home in New York a long line of distinguished visitors: Lloyd George, Clemenceau, General Jan C. Smuts of South Africa. John Masefield, Poet Laureate of England, also made several visits here."

N. Y. Factory Jobs, Pay Higher In Feb.

The combination of seasonal expansion in the clothing industries and continued activity at war plants in New York State caused increases in factory employment and payrolls from mid-January to mid-February, according to a statement issued March 16 by the New York State Department of Labor. Employment increased 1.2% and payrolls advanced 2.7% for the period. Employment declines were reported in the food, furniture, printing, petroleum and rubber industries. Payrolls were higher in all the major industrial groups, except food, lumber, printing, rubber and leather goods.

The Department's announcement further said:

"The index of factory employment, based on the average of 1935-1939 as 100, was 157.8, a gain of 10% over that for February of last year. The corresponding payroll index was 271.7, 29.3% above that for last February. The above statements are based on preliminary tabulations covering reports from 2,582 firms throughout the State. The Division of Statistic sand Information is responsible for the collection, tabulation and analysis of these reports.

"Since June, 1940, when the rapid rise in the production of war materials began, factory emplyoment in New York State had increased 52% and payrolls 145% for total manufacturnig. The gains were even more marked in the metals and machinery group, where most of the war materials are produced; these amounted to 137% in employment and 294% in payrolls.

"The seasonal expansion in the clothing group was reflected more in payrolls which increased 12.0% over January, than in employment which was 2.6% higher. Manufacturers were busy creating new spring lines in women's dresses, coats, suits, skirts and blouses. Milliners enjoyed the biggest increase in the group, while furriers reported fairly large decreases. Men's clothing firms continued to be busy.

"Additional employees were hired for the manufacture of airplanes, electrical and communication equipment, instruments and non-ferrous metal products. Payrolls were higher in most war industries especially in the automobile and instrument groups where several thousand workers received increases of 10%. Some shipbuilders reported lower payrolls and hours because of the holiday on February 12th. Tin can factories increased their operations during the month. Payrolls for the metals and machinery group advanced 2.5% and employment increased 1.7% for the period.

"A sharp payroll advance of 13.9% was recorded in the apparel industry in New York City. With the exception of furriers, manufacturers in all lines of men's, women's and children's clothing reported higher payrolls and most of them hired more workers. Employment and payroll gains in tobacco, textiles, furniture, paper, chemicals and leather goods offset losses in the food, lumber and printing groups.

"Workers in some shipyards had a holiday on February 12th and thereby put in less time at premium rates. Some aircraft plants laid off employees, but manufacturers of instruments added many more workers.

"For the fourth successive month Syracuse had the greatest increase in employment and payrolls of any of the up-State districts. From January to February, employment in the Syracuse area increase 4.3%, while payrolls advanced 5.1%. The Buffalo district also showed a substantial increase in payrolls during the past month; the increase in employment however was moderate. The manufacture of war equipment has been largely responsible for the increased activity in both Syracuse and Buffalo. During the past month, some increase in employment was reported by war plants in Rochester and Utica. The Albany-Schenectady-Troy district showed very little change in total employment and payrolls during the past month, with some war plants laying off workers. Employment and payroll decreases in the shoe industry accounted for the net losses in the Binghamton-Endicott-Johnson City area."

Aldrich In P. O. Job

The nomination of Kildroy P. Aldrich of Illinois as First Assistant Postmaster General was confirmed by the Senate on March 1. Mr. Kildroy was nominated by President Roosevelt on Feb. 18 to succeed Ambrose O'Connell, who resigned, effective March 1, to assume the post of Vice-Chairman of the Democratic National Committee. Mr. Aldrich was formerly Chief Inspector for the Post Office Department.

In Russian Relief Post

Harold H. Helm, Vice-President of the Chemical Bank & Trust Co., New York City, has been elected Assistant Secretary of Russian War Relief, Inc. Mr. Helm has been a member of the Russian War Relief Board of Directors for some time.

Steel Output Breaking All Records For March Deliveries Tighten Under Heavy CMP Orders

"Steel ingot production this month is shattering all records for March, and represents the opening of a high-pressure spring campaign that will exceed all previous industry achievements in its intensity," states "The Iron Age" in its issue of today (March 25), which further goes on to say in part: "March tonnage will be close to the all-time monthly record production of last October and will be considerably ahead of March last year, when operation averaged only 98% on a lower total capacity basis.

"Steel production, unless unforeseen circumstances arise, will continue to make new records as the year progresses. Raw material problems are not grave at the moment and steel mill maintenance programs are reported to be under control. Even should there be a slackening in new business in April from the high order volume of March, no special immediate significance would be attached to the decline. In the flood of CMP orders which has deluged the steel industry and nearly filled its schedules, numerous instances have been uncovered where consumers requested earlier delivery than they are allowed by CMP regulations. Also, some firms placed more than one order for material.

"The 48-hour week proposed for the industry by labor officials is understood to have the personal approval of executives in the WPB steel division, although no such formal announcement has been made. The point of contention is time-and-a-half overtime. Some WPB officials have said that while time-and-a-half will not injure large steel units, it might endanger small producers unless they could obtain permission to charge higher prices.

"Actually, the trend to the 48-hour week has already started in the steel industry but the sped of the change has been slowed by difficulties encountered in balancing work crews and establishing new schedules. One large company reports that 60% of its workmen at open hearths are already on the 48-hour week.

"Cutbacks in ordnance contracts have been made recently. Temporarily, at least, a few types of war equipment are over-abundant in this country, a situation which may be reflected in the reversing of employment trends in certain areas, with workers being shunted back to industries which they left not long ago. Also, perhaps, certain restrictions placed on the making of essential civilian items may be relaxed for a period of time.

"Subject to change (many changes occurred in the first quarter) tin mill requirements for the second quarter have been set at 675,900 tons, with 592,900 tons of that amount earmarked for domestic use and the balance for export. Of the domestic tonnage, 543,000 tons is scheduled for packing food and 49,000 tons for nonfood purposes. Of the tonnage slated for food in the second quarter, it is estimated that 484,300 tons will be for cans, 17,100 tons for commercial closures, 22,600 tons for home closures and 19,000 tons for Canadian requirements.

"The WPB steel division publicly admitted last week that alloy steels constitute a bottleneck, with forging quality carbon steels. New melting facilities for alloy steel production have been slow to come into operation, due to low-rated priorities and other factors. Practically all important alloy steel applications require hot topping, with the result that steel companies still are faced with many difficult problems. Furthermore, the capacity of blooming and slabbing mills constitutes a limiting factor, determining whether the goals now set for alloy steel production during 1943 can be met. It is estimated that for every ton of alloy steel passing through the blooming mills, at least one and a half tons of ordinary carbon steel is displaced because of the necessary increase in blooming mill time when working on alloy steel."

The American Iron and Steel Institute on March 22 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 91% of the steel capacity of the industry will be 99.1% of capacity for the week beginning March 22, compared with 99.3% one week ago, 97.7% one month ago and 99% one year ago. This represents a decrease of 0.2 point or 0.2% from the preceding week. The operating rate for the week beginning March 22 is equivalent to 1,716,100 tons of steel ingots and castings, compared to 1,719,500 tons one week ago, 1,691,900 tons one month ago, and 1,681,600 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on March 22, stated in part as follows:

"Sellers of steel bars, sheets and stri[illegible] now have little to offer for Ap[illegible] delivery, even on Controlled Materials Plan allotment numbers.

"The situation is tightening rapidly and so heavy have been CMP orders and validation of earlier orders under the new system that some mills have difficulty knowing where they stand and are running behind in acceptance or rejection of orders. The bar position is particularly tight, with serious doubt whether bars of any size could be delivered in April against a current CMP allotment, which takes precedence over a PRP rating.

"Plate production continues to meet essential demands and a new record is forecast for March, estimated at 1,200,000 tons by conservative observers and as high as 1,300,000 tons by the more sanguine. Shipyards, both private and naval, are well supplied with plain and partly fabricated material to meet the increased programs now under way.

"Fluorspar shipments in 1942 were 12% greater than in 1941, steel mills being the largest users. Production was 8% greater than in the prior year, the larger increase in shipments being made from stockpiles.

"Pig iron supply is easier and some reserves are being built up, preparing for diminished output as blast furnaces go down for relining, a larger number being expected to need repair this year than last, as a result of hard driving over the past few months. New stacks to be completed this year will be an offset to this condition.

"Government agencies have increased estimates of needs for purchased scrap to 25,000,000 tons for this year, from 21,000,000 tons estimated earlier. This compares with 27,000,000 tons moved last year.

"The scrap position continues easy, some melters maintaining top steel production and at the same time adding to reserves. Quality of deliveries is better, as a larger proportion of industrial scrap is coming out and rejections are fewer than a few weeks ago. Lack of labor continues a choke point and some important yards are operating as low as 50% of capacity."

New Zinc-Coated Steel Penny Begins Circulation

The Treasury Department recently began distribution of the new zinc-coated steel one-cent pieces but will delay placing it in general circulation pending the decline in current penny stocks.

The Treasury has put the new coin on sale to collectors and others but limited purchases to 50 a person.

Seeking to conserve copper for war manufacture, the United States Mint last September curtailed production of pennies by 50%. Mrs. Nellie Tayloe Ross, Director of the Mint, reports that the penny is perhaps the most useful coin, inasmuch as in the 150 years of Mint operations, more than 19,000,000,000 coins have been produced of which almost 11,000,000,000 were one-cent pieces.

Previous reference to the change in the penny was made in our issue of Oct. 22, page 1433.

Hull Suggests U.S.-British Parley On Refugee Problems

Secretary of State Hull has proposed in a note to Great Britain an Anglo-American conference at Ottawa for "preliminary exploration" of the problem of relieving the oppressed and persecuted peoples in Axis-dominated countries.

The State Department revealed this proposal on March 3, in making public the note presented Feb. 25 to Viscount Halifax, British Ambassador. The note was in reply to a British Embassy communication of Jan. 20 regarding the fate of persons "fleeing from persecution for religious, racial and political reasons and to the necessity for inter-governmental relief action in their behalf."

The United States' note to Britain said that this country, "in affording asylum to refugees, however, is and must be bound by legislation enacted by Congress determining the immigration policy of the United States."

Mr. Hull suggested that the explanatory talks at the Ottawa conference be guided along the following lines:

"A. The refugee problem should not be considered as being confined to persons of any particular race or faith. Nazi measures against minorities have caused the flight of persons of various races and faiths, as well as of other persons because of their political beliefs.

"B. Wheresoever practicable, intergovernmental collaboration should be sought in these times of transportation difficulty, shipping shortage and submarine menace, to the end that arrangements may be determined for temporary asylum for refugees as near as possible to the areas in which those people find themselves at the present time and from which they may be returned to their homeland with the greatest expediency on the termination of hostilities.

"C. There should accordingly be considered plans for the maintenance in neutral countries in Europe of those refugees for whose removal provision may not be made. Their maintenance in neutral countries may involve the giving of assurances for their support until they can be repatriated, which support will necessarily come from the United Nations, augmented by funds from private sources. It may also involve the giving of assurances in all possible cases by their governments in exile for their prompt return to their native countries upon the termination of hostilities.

"D. The possibilities for the temporary asylum of the refugees, with a view to their repatriation upon the termination of hostilities, in countries other than neutral, and their dependencies, should be explored, together with the question of the availability of shipping to effect their movement from Europe."

The note also outlined the many steps taken by the United States to extend assistance to oppressed and persecuted peoples and mentions that since the advent of the Hitler regime more than 547,000 American visas have been issued to natives or nationals of countries now dominated by the Axis.

Publication of the note was made by Sumner Welles, Acting Secretary of State, after he was asked at his press conference for comment on the program adopted by the American Jewish Congress in New York on March 1 for the relief of Jews in Axis-dominated countries.

Mr. Welles said the 11-point program advocated by the organizations would receive the immediate attention of the State Department.

Names Regional Heads ForApril War Loan Drive

Allan Sproul, Chairman of the United States Treasury War Finance Committee, in The Second (New York) Federal Reserve District, announced on March 19 the appointment of the following Regional Chairmen to serve during the $13,000,000,000 War Loan Drive, which will begin on April 12.

"Region 1.—Lewis G. Harriman, President of the Manufacturers & Traders Trust Co., Buffalo, and Edward H. Litchworth, Upstate Chairman of the War Savings Staff, Co-Chairman. This region includes the counties of Allegany, Cattaraugus, Chautauqua, Erie, Genesee, Niagara, Orleans and Wyoming.

"Region 2. — Raymond Ball, President of the Lincoln-Alliance Bank & Trust Co., Rochester, has been named Chairman. Owing to the fact that Bernard E. Finucane, President of the Security Trust Co. of Rochester, who has been Chairman of the Victory Fund Committee in Region 2, is also Chairman of the Rochester Community and War Chest and because of other business activities, he has found it necessary to submit his resignation from the Victory Fund Committee. He was one of the most active leaders in the December Treasury Drive. Region 2 includes the counties of Livingston, Monroe, Ontario, Seneca, Wayne and Yates.

"Region 3.—Thomas A. Wilson, President of Marine Midland Trust Co., Binghamton, Chairman. This region includes the counties of Broome, Chemung, Chenango, Cortland, Delaware, Schuyler, Steuben, Tioga and Tomkins.

"Region 4.—Albert B. Merrill, President of First Trust & Deposit Co., Syracuse Chairman. This region includes the counties of Cayuga, Herkimer, Jefferson, Lewis, Madison, Oneida, Onondaga, Oswego and St. Lawrence.

"Region 5.—Frederick McDonald, President of State Bank of Albany, Chairman. Paul McNamee, Chairman District No. 5 of the War Savings Staff, Vice Chairman. This region includes the counties of Albany, Clinton, Columbia, Essex, Franklin, Fulton, Greene, Hamilton, Montgomery, Otsego, Rensselaer, Saratoga, Schenectady, Schoharie, Warren and Washington.

"Region 6.—Lewis E. Pierson, Chairman of the Greater New York War Savings Staff and Joseph E. Hughes, President of the Washington Irving Trust Co., Port Chester, N. Y., Co-Chairmen. This region includes the counties of Dutchess, Orange, Putnam, Rockland, Sullivan, Ulster and Westchester.

"Region 7.—Lewis E. Pierson, Chairman of the Greater New York War Savings Staff and Philip A. Benson, President of Dime Savings Bank of Brooklyn, Co.-Chairmen. This region includes the counties of Kings, Nassau, Queens, Richmond and Suffolk.

"Region 8.—In Region 8 Mr. Sproul is Chairman assisted by Nevil Ford, State Administrator of the War Savings Staff, Perry E. Hall, Executive Manager of the Victory Fund Committee and Francis T. Ward, Vice-Chairman of the Victory Fund Committee, Region 8. This region includes the counties of Manhattan and Bronx.

Region 9.—Horace K. Corbin, President of the Fidelity Union Trust Co., Newark, N. J., Chairman. This region includes the counties of Essex and Morris. Mr. Corbin will be assisted by Paul M. Canada, and Harry A. Murphy, Deputy Administrators of the War Savings Staff in New Jersey.

"Region 10.—William J. Field, President of the Commercial Trust Co. of New Jersey, Jersey City, Chairman. This region covers Hudson County, N. J. Mr. Field will be assisted by Mr. Murhpy of the War Savings Staff.

Region 11.—Charles E. Blackford, Jr., President of the Peoples Trust Co. of Bergen County, Hackensack, N. J., Chairman. This region includes the counties of Bergen and Passaic, N. J. Mr. Blackford will be assisted by P. M. Canada, who is Deputy Administrator of the War Savings Staff in New Jersey.

"Region 12.—Lawrence J. MacGregor, President of Summit Trust Co., Summit, N. J., Chairman. This region includes the counties of Middlesex, Monmouth, Somerset and Union. Mr. MacGregor will be assisted by W. H. Hassinger and J. Phillips of the War Savings Staff.

"Region 13.—George K. Large, President of Hunterdon County National Bank, Flemington, N. J., Chairman. This region includes the counties of Hunterdon, Sussex and Warren. Mr. Large will be assisted by Messrs. Canada, Hassinger and Phillips of the War Savings Staff.

"Region 14.—Clarence W. Bell, President of First-Stamford National Bank & Trust Co., Stamford, Conn., Chairman. This region includes Stamford and vicinity in Fairfield County, Conn. Mr. Bell will be assisted by Edward G. Stewart, who is Deputy State Administrator for the War Savings Staff in Connecticut.

"Region 15.—Walter B. Lasher, Chairman of the First National Bank & Trust Co. of Bridgeport, Bridgeport, Conn., Chairman. This region includes Bridgeport and vicinity in Fairfield County, Conn. Mr. Lasher will be assisted by Mr. Stewart.

A meeting of these Regional Chairmen was held at the Federal Reserve Bank on March 19, at which Mr. Sproul outlined a general program of integration of the War Savings Staff and the Victory Fund Committee and discussed plans for the April Drive.

Treasury plans for the April war financing drive were outlined inthese columns of March 18, page 1022.

Pan American Day Apr. 14

In observance of Pan American Day, April 14, it is contemplated that representatives of the Governments of the American Republics will sign at the Pan American Union in Washington a "Declaration on the Reaffirmation of Fundamental Principles of International Law." This declaration has been formulated by the Inter-American Juridical Committee of Rio de Janeiro and has been submitted to the Governments for consideration. Several other significant programs are planned for Washington.

The Pan American Union has received reports from the heads of municipal governments in the United States indicating their intention to promote the observance of Pan American Day. Other reports reaching the Union indicate the widespread interest in inter-American relations on the part of schools, clubs and civic associations.

Robbins Heads War Finance Group

The creation of a U. S. Treasury War Finance Committee for over-all direction of the Treasury's bond-selling activities was announced on March 2 by Secretary Morgenthau. The Treasury advices said:

"Designed to integrate the work of the War Savings Staff and the Victory Fund Committee in the sale of all Government securities, the new organization will be headed by W. M. Robbins, who is taking leave from his duties as Vice-President of General Foods Corp., where he has been responsible for selling and marketing activities, to join the immediate staff of the Secretary of the Treasury.

"As Chairman of the War Finance Committee, Mr. Robbins will function with the operating title of National Director of Sales. He will report to the Secretary through the Under Secretary. Other members of the Committee will be Harold N. Graves, Assistant to the Secretary in charge of the War Savings Staff, and George Buffington, Assistant to the Secretary in charge of the Victory Fund Committee. Additional members of the Committee may be announced later by Secretary Morgenthau."

Secretary Morgenthau on March 20 discussed the Treasury's $13,000,000,000 second war loan campaign today with representatives of the newspaper industry and Governmental officials.

The purpose of the meeting, Mr. Morgenthau said in a brief statement, was "a comprehensive program for newspaper and advertising participation in the war financing drive," which will begin on April 12. The Treasury's announcement regarding the offerings to be made under the direction of the War Finance Committee was given in these columns March 18, page 1023.

The Treasury's announcement on March 2 stated that the new organization was "being set up as the Treasury prepared for its second big War Financing drive, to begin April 12. In part, the Treasury announcement also said:

"Presidents of the Federal Reserve Banks have been asked to serve as Chairmen of District Committees to be organized on lines similar to the War Finance Committee. These district committees will include representatives of the War Savings Staff in each State and of the Victory Fund Committee.

"The Committee in Washington will act in an advisory capacity to the National Director in the formulation and execution of plans for sale of Government securities, and the committees set up in the Federal Reserve Districts will likewise act in an advisory capacity to the Presidents of the Federal Reserve Banks, who will act as Chairmen of such committees, with full authority and responsibility in their respective districts to direct the drive. . . .

"Every function of the two organizations will be integrated in every productive way in preparation for and during the April campaign. The entire basket of Treasury securities, including E bonds, will be sold by all forces taking part in the drive."

In announcing the new sales organization Secretary Morgenthau said:

"The general purpose of the new organization which Mr. Robbins is to head is to coordinate more effectively the work of selling Government securities to finance the war. In this great task we shall continue to rely, as we have in the past, on the patriotic cooperation of many willing volunteers, including all those whose unselfish efforts have set such a remarkable record in the sale of War Savings bonds and stamps as well as those whose intensive work made possible success in the first Victory Fund drive. This makes us confident that they will meet successfully the greater tasks that lie ahead of us in this and succeeding campaigns.

"Nowhere is there better evidence that here in the United States this is a people's war than in the widespread participation in the purchase of Government securities.

"We are perfecting our organization simply to give to the American people better opportunities and facilities for putting their dollars to work for victory."

Mr. Robbins has been associated with the General Foods Corp. for nearly 20 years; is now Vice-President of that organization and President of its distribution subsidiary, the General Foods Sales Co. He will be on leave from his company while assisting the Treasury in its securities sales program. Mr. Robbins has for the past 18 months served in various advisory capacities with the War Production Board. He left a position as Acting Deputy Director General for Staff Operations of WPB to go with the Treasury, which he already has served since last November as a member of a committee consulting with the Secretary on securities marketing.

Mr. Robbins will have the title of Assistant to the Secretary of the Treasury.

Drafting Of Fathers Not Yet Authorized—McNutt

Instructions to Selective Service local boards prohibiting the drafting of men with children who are recognized as dependents under the Selective Service Act and Regulations until such action is authorized by National Selective Service Headquarters are still in effect, the War Manpower Commission stated on March 4.

"The only men with children who are being selected for induction at the present time," Paul V. McNutt, Chairman, said, "are those in whose cases the dependency was acquired after Dec. 8, 1941, or at a time when selection was imminent. Those registrants having wives and children, or children only, with whom they maintain a bona fide home, and who were married before Dec. 8, 1941, and at a time when selection was not imminent, may not be inducted through Selective Service until there is direct authorization by National Headquarters."

Emphasizing that the fundamental purposes of the Selective Service Act are procurement of sufficient men for the armed services and maintenance of production essential to win the war, Mr. McNutt declared that insofar as is practical in carrying out these requirements the order in which registrants are called has been designed to protect the bona fide family relationship as long as possible.

The order in which registrants are called for military service, as fixed by Selective Service Regulations, according to the March 4 announcement, is:

"1. Single men with no dependents (1-A);

"2. Single men who do not contribute to the war effort but who have dependents (3-A);

"3. Single men with dependents and who contribute to the war effort (3-B);

"4. Men who are not engaged in the war effort but who maintain a bona fide family relationship with a wife only (3-A);

"5. Men who are engaged in in the war effort and who maintain a bona fide family relationship with a wife only (3-B);

"6. Men who are not engaged in the war effort and who maintain a bona fide family relationship with wife and children or children only (3-A);

"7. Men who are engaged in the war effort and who maintain a bona fide relationship with wife and children or children only (3-B)."

After April 1 men with dependents who are in non-deferrable occupations will be given 30 days to transfer to essential occupations, or to have registered with the United States Employment Service for such transfer, before being placed in Class 1-A under the non-deferrable order as issued Feb. 3.

In reclassifying men with dependents into 1-A the Boards follow this procedure:

First, the supply of single men without dependents and who are not deferred as "necessary men" in their occupations is exhausted in a local board area. Then the local board reviews, in the order of the above-named categories, the classifications of registrants who were deferred in Class 3-A or 3-B to determine which should be reclassified 1-A and which should be further deferred for occupational reasons or because induction would cause undue hardship for dependents.

However, Mr. McNutt pointed out, while State Selective Service Directors have been instructed to adjust their calls for the armed forces so as to prevent one local board from calling registrants from one group substantially in advance of the time when other local boards are calling them from the same group, it is not possible to attain complete uniformity.

Because of varying conditions in local board areas, as well as in different States, Mr. McNutt said, it has been necessary to call registrants with dependents in some States while single men still were available in others, and in local board areas in some States before all other local boards in the same State had exhausted their pools of single men.

"The recent non-deferrable order," he declared, "primarily indicated which men with families will have to be inducted first when men with families are called."

Canada Congratulates Roosevelt on Anniversary

Prime Minister Mackenzie King of Canada sent to President Roosevelt on March 4 a telegram of congratulations on the tenth anniversary of his Presidency, and in his message of greetings, the Prime Minister also noted the "magnificent successes" of air and naval forces under United States command in the Pacific.

The text of the telegram, which was read by the Prime Minister in the House of Commons, follows:

"Franklin D. Roosevelt,
"President of the United States of America:

"On this tenth anniversary of your initial inauguration as President of the United States, I should like to send to you on behalf of the Members of the Parliament of Canada and all your good neighbors in Canada warmest greetings and every good wish.

"I am sure that on this anniversary nothing could be more welcome to you, and to the people of the United States, than the news of the magnificent successes of the air and naval forces under United States command in the continuing offensive against Japan in the Pacific area.

"Combined with the onward march of the Red Army in Europe and the sustained assault by the Allied forces against Germany, these signal achievements are indeed prophetic of the ultimate defeat of the Axis powers.

"In this growing offensive of all the United Nations, let me assure you of our heartfelt wishes for your health and strength as the labors and sacrifices of free peoples throughout the world bring us all nearer the day of final victory. Kindest personal regards.

"W. L. MACKENZIE KING."

President Completes Decade In White House

President Roosevelt observed on March 4 the 10th anniversary of his first inauguration, with special religious services, attended by virtually all of the leaders of the Government.

The services, which have been an annual custom since March 4, 1933, were held in the White House this year for the first time, instead of at nearby St. John's Church, because of the President's recent illness and the weather.

The services, conducted by Lieut. Frank R. Wilson, a Navy chaplain and rector of Mr. Roosevelt's home church at Hyde Park, N. Y., included prayers for peace for the President and for all those in civil authority, for social justice, for all those in the service of the country, for those who have died in that service and for our enemies.

Mention of a fourth term was made in what was described as a very casual manner at a White House conference on March 3, according to the Associated Press. These advices reported:

Frank C. Walker, Chairman of the Democratic National Committee, took 12 other officers and Committee members to see the Chief Executive. Walker said afterwards, in response to questioning, that "two or three" members told the President he "should" or would "have to be" a candidate next year if the war is still on.

"But they got no response from the President," he added. "I don't think he heard it as he was doing most of the talking. If he did he smiled it off. It was said rather lightly and there was no discussion."

The new National Chairman and Postmaster General did not identify those who brought up the matter. He said the President talked almost entirely about the prosecution of the war and general conditions, and appeared optimistic about development in the war so far.

Puerto Rico Home Rule Asked By Roosevelt

President Roosevelt recommended to Congress on March 9 that it consider an amendment to the organic law of Puerto Rico which will permit the people of the territory to elect their own Governor.

In a special message, the President noted that this change had been suggested by the present Governor of Puerto Rico, Rexford Guy Tugwell, and been approved by Secretary of the Interior Harold L. Ickes, whose department has jurisdiction over Puerto Rican affairs.

The President also recommended that Congress redefine the functions and powers of the Federal Government and the Government of Puerto Rico, respectively.

Mr. Roosevelt appointed a committee of eight—four representing the United States and four Puerto Ricans—to advise him concerning changes in the organic law. Heading this group is Secretary Ickes and the other members are Abe Fortas, Under-Secretary of the Interior; Governor Tugwell, the Rev. Raymond A. McGowan, Assistant Director of the Social Action Department of the National Catholic Welfare Conference; Luis Munoz Marin, President of the Puerto Rican Senate, and President of the Popular Democratic Party; Judge Martin Travieso, Associate Justice of the Puerto Rican Supreme Court; Celestino Iriarte, President of the Union Republican Party, and Jose Ramirez Santinbanez, President of the Liberal Part.

The President's message follows:

"Several months ago the Governor of Puerto Rico recommended that the organic law of Puerto Rico be amended so as to permit the people of Puerto Rico to elect their own Governor. This recommendation was brought to me by the Secretary of the Interior with his approval. The Governor's suggestion has been under consideration since that time.

"It has long been the policy of the Government of the United States progressively to reinforce the machinery of self-government in its territories and island possessions.

"Puerto Rico has universal suffrage and an elective Legislature, which considers and enacts measures governing its internal affairs. Laws enacted by its Legislature, however, including laws of purely local concern, have been subject to approval or disapproval by Governors appointed by the President with the advice and consent of the Senate of the United States.

"In accordance with the general policy of this Government, I recommend to the Congress that it consider as soon as possible an amendment to the organic law of Puerto Rico to permit the people of Puerto Rico to elect their own Governor and to redefine the functions and powers of the Federal Government and the Government of Puerto Rico, respectively.

"I have appointed a committee composed of an equal number of Puerto Ricans and of continental residents to advise me concerning changes in the organic law.

"The recommendations of this committee will be promptly submitted to the Congress for its consideration."

Olyphant Joins Faculty

Murray Olyphant, Assistant Vice-President of the Chemical Bank & Trust Co., New York, has joined the investment faculty of the Graduate School of Banking and will lecture on Government bonds, it is announced by Dr. Harold Stonier, Director of the Graduate School. The Graduate School of Banking will enter its ninth year with the 1943 resident session which will be held at Rutgers University, New Brunswick, N. J., June 14-26. The Graduate School has a faculty of almost 50 lecturers, including bank executives, college professors, accountants, economists and lawyers.

Four members added this year and previously announced are: Everett N. Hatch, Secretary of the New York Savings Bank Life Insurance Fund and Executive Secretary of the New York Savings Bank Life Insurance Council; August Ihlefeld, President of the Savings Banks Trust Co. and President of the Institutional Securities Corp. in New York; Francis M. Knight, Vice-President of the Continental Illinois National Bank & Trust Co. of Chicago, and Joseph Earl Perry, Commissioner of Banks for Massachusetts and President of the National Association of Supervisors of State Banks. Messrs. Hatch, Ihlefeld and Perry will lecture on savings management. Mr. Knight will lecture on Government investments.

The Graduate School of Banking offers to bank officers a two-year course in various phases of banking and related subjects, requiring three resident sessions of two weeks each at Rutgers University and two years of extension work at home. The resident sessions of the Graduate School began at Rutgers University in June, 1935, and the class receiving diplomas on June 26 will be the seventh class graduated by the school.

Preliminary to the 1943 resident session there will be an organization conference of faculty members at the Manhattan Club in New York City on April 3. The Alumni will hold their sixth annual reunion conference concurrently with the faculty meeting.

Introduce Bill To Permit N. Y. Savings Banks To Organize Urban Redevelopment Companies

New York savings banks will be permitted to put millions of dollars of private capital usefully to work in post-war slum clearance and urban rehabilitation, including the stocks or equities of such projects, under the terms of a bill introduced on March 4 by State Senator Thomas C. Desmond, Chairman of the Senate Committee on Affairs of Cities, to which all housing bills are referred.

"The bill, drafted with the assistance and support of the Committee on Real Estate and Mortgages of the Savings Bank Association of New York State," Senator Desmond explained, "authorizes savings banks alone or jointly with insurance companies to organize urban development companies and to invest in stocks, bonds, income debentures, mortgages and mortgage bonds of such companies." Senator Desmond further said:

"Urban redevelopment companies are authorized to clear slums and build houses. They are limited to dividends of 6%. Municipalities are authorized to condemn land for these companies. The companies are granted exemption from real estate taxation on the increased value resulting from the improvements. Investments by savings banks in urban redevelopment companies will be under the supervision of the State Superintendent of Banks.

"By encouraging savings banks to invest their funds in urban redevelopment corporations our new bill will open the way for a large flow of private capital into slum clearance and urban reconstruction. It is estimated that, when the war ends, our State will be confronted with a shortage of about 1,000,000 dwelling units. Government-financed housing can meet only a small part of this need. Private enterprise must be given the incentives provided by our bill to build homes.

"The bill offers to savings banks the opportunity for sound investment of idle funds in a socially useful field, important for orderly community growth and development. It will help stabilize values in areas that are already depreciating, for new housing projects help build up adjacent neighborhoods.

"Savings banks now lack control over many conditions that jeopardize or weaken their interest in properties. By enabling savings banks to tear down antiquated houses and to rebuild, it will be possible to protect their investments.

"Insurance companies already have the powers now to be granted also to savings banks in our bill. And there is no sound reason why savings banks should not have such authority. Projects such as Parkchester, built by the Metropolitan Life Insurance Company, indicate that housing is a sound investment. Supervision of investments of banks by the State Banking Department will act as a safeguard.

"By permitting savings banks to organize urban redevelopment companies, we shall ease the shocks suffered in the transition from war to a peace-time economy. A program to build large, moderate-rent housing projects will mobilize the building trades after the war. Workers now in the armed forces and in war industries will be absorbed, thereby relieving unemployment."

Three WPB Vice-Chairmen Appointed By Nelson

The appointment of three new Vice-Chairmen of the War Production Board was announced on March 3 by Donald M. Nelson, WPB Chairman.

The appointments, described as preliminary to a regrouping of staff functions, are designed to strengthen the powers of Charles E. Wilson, new WPB Executive Vice-Chairman, who has been placed in full control of all phases of war production.

The new Vice-Chairmen are J. A. Krug, in charge of materials distribution and Chairman of the Requirements Committee; Donald D. Davis, in charge of operations, and Ralph J. Cordiner, special assistant to Mr. Wilson.

Mr. Krug will combine with his new duties the chairmanship of the Office of War Utilities.

Mr. Davis was Director of the WPB Program Bureau and Mr. Cordiner was Director General for War Production scheduling.

In addition, Curtis E. Calder, formerly Director-General for Operations, was named Executive Assistant to Mr. Wilson.

Wholesalers' Sales, Inventories, And Credits In January

January sales of wholesalers, based upon reports from 2,669 firms representing most kinds of business in all parts of the country, were $274,054,000, approximately the same level as in January a year ago, according to an announcement released March 4 by J. C. Capt, Director of the Census. The year 1942 began with a comparatively high dollar volume in January, registering 37% over January of the preceding year, and ended with a 14% increase for the 12 months. Between December, 1942 and January 1943, wholesale sales volume decreased 6%.

The Census Bureau's announcement further said:

"Twenty-one of the 35 trades for which separate data are represented in this report showed increases in sales for January of this year compared with January, 1942, and 14 showed losses. Substantial gains were noted for wholesalers of wines and liquors (33%), dry goods (30%), jewelry (28%), beer and surgical equipment and supplies (each 26%), and liquor departments of other trades (19%). Sales of shoes and other footwear were up 13%; drugs and sundries, 9%; and tobacco and its products, 8%. Dealers in wholesale groceries and foods, except farm products, reported sales volume of approximately the same level as a year ago; while hardware wholesalers decreased their sales 16%; automotive supplies, 21%; paper and its products, 24%; electrical goods, 28%; and petroleum, 29%.

"Inventories, in terms of dollars based on cost values, at the close of January, 1943, dropped 23%, compared with January 1942. Not since January of 1939 have inventories at the beginning of the year been at a lower level than the corresponding month of the year before. This decline, on a year-to-year basis, was first evidenced in August 1942 and has continued for 6 months. January 1943 inventories were at approximately the same level as for the preceding month.

"The stock-sales ratio for wholesalers at the end of January 1943 was 120 as against 151 for January 1942 and 110 for December 1942. Of the 32 trades for which stock-sales ratios are shown, 6 showed increases and 26 showed decreases. Wholesalers of automotive supplies, with a 21% decrease in sales and a 22% decrease in inventories. registered a stock-sales ratio of 203 for January 1943 compared with 205 for January 1942. Groceries and foods (specialty lines) wholesalers showed a sales gain of 14%; inventories, up slightly (1%); and a January 1943 stock-sales ratio of 73 vs. a ratio of 85 for January 1942. Wholesalers of confectionary reported sales up 38%, inventories down 38%, and a stock-sales ratio of 56 compared with 107 a year ago; jewelry dealers, sales up 28%, inventories down 20%, and stock-sales ratio of 213 against 374 a year ago.

"Collections on accounts receivable were up more than 20% for January 1943 compared with January 1942, and at approximately the same level as December 1942. The collection ratio for January of this year, 101; for January of last year, 84; and for December 1942, 102. Accounts receivable were 13% less on Jan. 1, 1943 than on Jan. 1, 1942, and they were 6% below those of Dec. 1, 1942."

This monthly study is conducted jointly by the National Association of Credit Men and the Bureau of the Census.

Lend-Lease Aid To Russia Is Extensive

E. R. Stettinius, Jr., Lend-Lease Administrator, following a previous announcement regarding increased lend-lease shipments to Russia, made public on March 8 additional information as to further shipments of war supplies to the Soviet Union. The previous item in the matter was given in our March 11 issue, page 928. The following facts and figures on lend-lease aid to Russia were made available by Mr. Stettinius on March 8.

"In addition to the many thousand planes, tanks and guns shipped to the Soviet Union the United States has provided:

"1. Considerable quantities of war materials for Russia's munitions industry.

"2. Important transportation and communications equipment for use along and behind the long Russian front.

"Up to Feb. 1, 1943, we had shipped to the USSR more than 580,000 tons of steel, 46,000 tons of aluminum and duraluminum. 21,500 tons of zinc, 94,000 tons of copper and brass and other industrial materials such as nickel and molybdenum for Soviet factories making planes, tanks and other war equipment. We have shipped 50,000 tons of toluol and TNT and 75,000 tons of other chemicals for Soviet production of bombs, high explosive shells and other munitions.

"For Soviet railroads we have sent 75,000 tons of rails and 17,000 tons of other railroad equipment. We have sent 140,000 field telephones in addition to hundreds of thousands of miles of field telephone wire. We have shipped 268,000 tons of petroleum products for the operation of Soviet planes and trucks.

"Of the 99,000 military motor vehicles other than tanks shipped to Soviet Union from the United States tens of thousands of trucks are employed in maintaining supply lines behind the Russian front. We have shipped 72,500 trucks, 17,500 jeeps and armored cars, 7,700 motorcycles and 1,300 military tractors.

"We have shipped nearly 3,000,000 pairs of army boots for Soviet soldiers who battle in snow and ice and mud in addition to 18,000 tons of sole leather for Red Army shoes made in Soviet factories."

Ban Army Day Parades

The War Department has ruled against parades and banquets on Army Day, April 6. It is pointed out that heretofore Army Day has been celebrated in most large cities by marching men and dinners with patriotic speeches. However, the Army now states that such celebrations conflict with conservation policies in transportation, fuel and food, and likewise are "inconsistent with the present intensified training program."

Senators Warn Against Weakening Of Press Or Interference With Freedom Of Expression

Before the Senate on March 9 warnings against any Government attempts "to weaken the press," or interfere with its freedom of expression, were given by Senators Brooks of Illinois and Wiley of Wisconsin. Senator Brooks advised the Senate that it could not afford to stand by and watch new handicaps "unjustly imposed" when the vital importance and essentiality of our American press increases as the shadows of this global war lengthen. Associated Press advices from Washington, further indicating the views of the Senators, had the following to say:

"Senator Wiley asserted it was apparent that some attempts of the Government 'to put the press associations under the power of Congress to regulate commerce had in them the germ of rigid Government control.'

"The Illinois Senator asserted that the press accepted an order of the War Production Board in January limiting their consumption of newsprint by 10%, but that efforts to add another 10% curtailment were dropped when justification could not be shown.

"Recalling a statement by Senator Willis of Indiana that the Government was using 'nearly ten times' as much paper today as it did in 1941, Senator Brooks asserted:

"'I believe that a full disclosure of this increasing use of paper by the Government would show a determined desire on the part of some people in our present Government to supplant the free press of our country by Government-dominated 'news' through the use of handouts from the various bureaus.

"'I believe that a full investigation of the publications issued by the Government would show that enough paper is wasted to print all of the newspapers in a sizable percentage of the States of this entire nation.'

"Senator Brooks charged that apparent attempts to restrict the press began with an effort some ten years ago with a code of fair competition for the newspaper industry."

On the previous day (March 8) Representative Dondero of Michigan declared that curtailment of newsprint is "an indirect method of suppressing and destroying freedom of the press." Mr. Dondero's remarks were made in introducing a resolution to investigate curtailment of Government publications; the resolution was referred to the Committee on Rules. In Associated Press accounts Mr. Dondero was quoted as follows:

Each day, Mr. Dondero said in speech from the floor, an enormous volume of printed matter, most of it from Government agencies, reaches the offices of Congressmen.

"I have introduced a resolution today," he said, "asking the Speaker of this House to appoint a committee of seven members to determine whether or not the Federal Government has placed its own house in order and to see whether there has been any curtailment in the amount of printed matter sent out by the Government. Let Washington point the way and set the example before the freedom of the press is strangled by indirection."

SEC Amends Rule On Financial Reports

The Securities and Exchange Commission announced on March 5 the adoption of an amendment to Rule X-17A-5, under the Securities Exchange Act of 1934, which requires brokers, dealers, and members of national securities exchanges to file with the Commission annual statements of their financial condition.

The amendment, the SEC explained, "is designed to eliminate, in certain cases, a duplication of reports which otherwise would occur where a broker or dealer files financial statements with the Commission by reason of his being a registered investment company or a sponsor or depositor of a registered investment company." The Commission further said:

"The amendment provides that, where a broker or dealer is a registered investment company or a sponsor or depositor who effects transactions in securities only with or on behalf of a registered investment company, filings under other rules of the Commission will be accepted in satisfaction of the requirements of Rule X-17A-5.

"The new provision will be known as paragraph (c) (2) of the Rule. Paragraph (c) (1) of the Rule as amended is identical with paragraph (c) of the original Rule except for certain changes in numbering.

Schwartz And Leiserson Are Confirmed By Senate

The U. S. Senate on Feb. 25 confirmed the nominations of Harry H. Schwartz and William M. Leiserson as members of the National Mediation Board.

Confirmation of Mr. Schwartz, former Democratic Senator from Wyoming who was defeated in the last election, came on a vote of 46 to 20 after considerable debate. Senator Robertson (Rep., Wyo.), who unseated Mr. Schwartz last November, led the Republican fight against confirmation charging, it is stated, that the appointment was a payment for New Deal loyalty.

Without debate the Senate approved the appointment of Mr. Leiserson. President Roosevelt's nominations of the two men was reported in our issue of Feb. 25, page 754.

WPB Defers Newsprint Cut Until July

The War Production Board announced on March 4 that there will be no further curtailments in the use of print paper in newspapers, magazines, books and commercial printing at least until after July 1. This announcement was made after the conclusion of a meeting between Canadian authorities and WPB representatives at Montreal.

The WPB had announced on Feb. 20 that the proposed second curtailment in the use of newsprint of not to exceed 10%, effective April 1, would be held in abeyance.

This was referred to in our issue of March 4, page 853.

R. L. Weldon, Canadian Newsprint Administrator, it is said, notified the WPB of an increased volume of pulpwood supply. To clarify this situation the Montreal conference was held, after which Mr. Weldon and A. G. Wakeman, Director of the Pulp and Paper division of the WPB, made the following statement:

"The supply of pulp wood made available from this season's cut and now in sight at Canadian mills makes it possible to provide additional wood pulp to meet the urgent needs of the United States. Canada's previous undertaking to furnish for shipment to the United States during 1943 1,170,000 tons of wood pulp has been reviewed and confirmed. In addition, Canadian Newsprint Administrator R. L. Weldon will call on the Canadian industry to supply a further 107,000 tons of wood pulp within the next few months."

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES†
(Based on Average Yields)

1943— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings*				Corporate by Groups*		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus.
Mar. 23	116.86	109.60	118.00	115.63	110.52	95.92	100.49	113.12	115.82
22	116.86	109.42	117.80	115.43	110.52	95.92	100.49	113.12	115.63
20	116.86	109.42	117.80	115.43	110.52	95.92	100.32	113.12	115.63
19	116.86	109.42	117.60	115.43	110.52	95.92	100.32	113.12	115.63
18	116.87	109.42	117.80	115.63	110.52	95.77	100.32	113.12	115.63
17	116.87	109.42	117.80	115.43	110.52	95.77	100.32	113.12	115.63
16	116.87	109.42	117.60	115.43	110.52	95.92	100.32	113.12	115.63
15	116.87	109.42	117.80	115.43	110.52	95.77	100.16	112.93	115.43
13	116.87	109.42	117.80	115.43	110.52	95.77	100.32	113.12	115.43
12	116.87	109.24	117.60	115.43	110.34	95.77	100.16	112.93	115.43
11	116.89	109.24	117.60	115.43	110.34	95.77	100.16	112.93	115.63
10	116.89	109.24	117.60	115.43	110.34	95.77	100.16	113.12	115.63
9	116.90	109.24	117.60	115.24	110.34	95.62	100.16	112.93	115.43
8	116.93	109.42	117.80	115.43	110.34	95.77	100.16	112.93	115.43
6	116.98	109.24	117.60	115.24	110.34	95.77	100.16	113.12	115.43
5	116.97	109.42	117.80	115.43	110.34	95.77	100.16	113.12	115.43
4	117.02	109.42	117.80	115.24	110.34	95.92	100.32	112.93	115.43
3	117.02	109.24	117.60	115.24	110.15	95.77	100.16	112.93	115.43
2	117.07	109.24	117.60	115.24	110.15	95.62	100.16	112.93	115.43
1	117.10	109.24	117.60	115.43	110.15	95.77	100.16	112.93	115.43
Feb 26	117.11	109.24	117.60	115.43	110.15	95.47	100.00	112.93	115.43
19	117.11	109.06	117.60	115.24	110.15	95.01	99.68	112.93	115.43
11	117.13	108.88	117.60	115.24	109.97	94.86	99.36	112.93	115.43
5	117.09	108.88	117.60	115.04	109.97	94.71	99.04	112.75	115.63
Jan. 29	117.04	108.70	117.60	115.04	109.79	94.56	99.04	112.56	115.43
22	117.05	108.34	117.20	114.66	109.60	94.26	98.73	112.37	115.24
15	117.05	108.16	117.20	114.66	109.42	93.82	98.41	112.19	115.04
8	117.02	107.62	116.80	114.08	109.06	92.93	97.62	112.00	114.60
1 Exchange Closed									
High 1943	117.14	109.60	118.00	115.63	110.52	95.92	100.49	113.12	115.82
Low 1943	116.85	107.44	116.80	113.89	108.88	92.35	97.16	111.81	114.46
High 1942	118.41	107.62	117.20	114.27	108.88	92.64	97.47	112.19	114.66
Low 1942	115.90	106.04	115.43	112.75	107.09	90.63	95.32	109.60	112.75
1 Year ago									
Mar. 23, 1942	118.25	106.39	115.82	113.12	107.27	91.62	97.00	109.97	112.93
2 Years ago									
Mar. 22, 1941	117.80	106.04	116.80	112.93	106.39	90.77	96.54	109.97	112.56

MOODY'S BOND YIELD AVERAGES†
(Based on Individual Closing Prices)

1943— Daily Averages	U. S. Govt. Bonds	Avge. Corporate	Corporate by Ratings				Corporate by Groups		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus.
Mar. 23	2.08	3.19	2.75	2.87	3.14	4.01	3.72	3.00	2.86
22	2.08	3.20	2.76	2.88	3.14	4.01	3.72	3.00	2.87
20	2.07	3.20	2.76	2.88	3.14	4.01	3.73	3.00	2.87
19	2.07	3.20	2.77	2.88	3.14	4.01	3.73	3.00	2.87
18	2.07	3.20	2.76	2.87	3.14	4.02	3.73	3.00	2.87
17	2.07	3.20	2.76	2.88	3.14	4.02	3.73	3.00	2.87
16	2.07	3.20	2.77	2.88	3.14	4.01	3.73	3.00	2.87
15	2.07	3.20	2.76	2.88	3.14	4.02	3.74	3.01	2.88
13	2.07	3.20	2.76	2.88	3.14	4.02	3.73	3.00	2.88
12	2.07	3.21	2.77	2.88	3.15	4.02	3.74	3.01	2.88
11	2.07	3.21	2.77	2.88	3.15	4.02	3.74	3.01	2.87
10	2.07	3.21	2.77	2.88	3.15	4.02	3.74	3.00	2.87
9	2.07	3.21	2.77	2.89	3.15	4.03	3.74	3.01	2.88
8	2.07	3.20	2.76	2.88	3.15	4.02	3.74	3.01	2.88
6	2.07	3.21	2.77	2.89	3.15	4.02	3.74	3.00	2.88
5	2.07	3.20	2.76	2.88	3.15	4.02	3.74	3.00	2.88
4	2.06	3.20	2.76	2.89	3.15	4.01	3.73	3.01	2.88
3	2.06	3.21	2.77	2.89	3.16	4.02	3.74	3.01	2.88
2	2.06	3.21	2.77	2.89	3.16	4.03	3.74	3.01	2.88
1	2.06	3.21	2.77	2.88	3.16	4.02	3.74	3.01	2.88
Feb 26	2.06	3.21	2.77	2.88	3.16	4.04	3.75	3.01	2.88
19	2.06	3.22	2.77	2.89	3.16	4.07	3.77	3.01	2.88
11	2.06	3.23	2.77	2.89	3.17	4.08	3.79	3.01	2.88
5	2.06	3.23	2.77	2.90	3.17	4.09	3.81	3.02	2.87
Jan. 29	2.06	3.24	2.77	2.90	3.18	4.10	3.81	3.03	2.88
22	2.06	3.26	2.79	2.92	3.19	4.12	3.83	3.04	2.89
15	2.06	3.27	2.79	2.92	3.20	4.15	3.85	3.05	2.90
8	2.07	3.30	2.81	2.95	3.22	4.21	3.90	3.06	2.92
1 Exchange Closed									
High 1943	2.08	3.31	2.81	2.96	3.23	4.25	3.93	3.07	2.93
Low 1943	2.06	3.19	2.75	2.87	3.14	4.01	3.72	3.00	2.86
High 1942	2.14	3.39	2.88	3.02	3.33	4.37	4.05	3.19	3.02
Low 1942	1.93	3.30	2.79	2.94	3.23	4.23	3.91	3.05	2.92
1 Year ago									
Mar. 23, 1942	1.95	3.37	2.86	3.00	3.32	4.30	3.94	3.17	3.01
2 Years ago									
Mar. 22, 1941	1.99	3.39	2.81	3.01	3.37	4.36	3.97	3.17	3.03

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Jan. 14, 1942, page 202.

Census Bureau Report On Cotton Ginning

The Bureau of the Census of the Department of Commerce at Washington on March 20 issued its final report on cotton ginning, excluding linters, which we give in full below:

REPORT OF COTTON GINNED—CROPS OF 1942, 1941 AND 1940
Cotton ginned (exclusive of linters)

State—	Running Bales (Counting round as half bales) *1942	*1941	*1940	Equivalent—500-pound Bales 1942	1941	1940
United States	12,437,883	10,494,881	12.297,970	12,821,414	10,741.589	12.564.988
Alabama	892,438	774,441	768,525	921,520	788,033	775,459
Arizona	186,715	178,337	190,194	190,992	182,719	195,955
Arkansas	1,426,032	1,381,214	1,477,110	1,493,332	1,437,605	1,510,238
California	404,954	395,569	530.479	410,675	402,122	543,497
Florida	14.495	14,885	17,916	14,150	14,367	17,502
Georgia	853,507	637,469	1,006,657	860,315	629,770	1,015,453
Illinois	4,349	5,474	3,761	4,527	5,721	3,769
Kentucky	15,139	17,127	11,238	14,809	16,863	10,900
Louisiana	574.680	310,501	448,996	596,293	313,475	456,886
Mississippi	1,886,371	1,387,558	1,238,286	1,967,347	1,423,908	1,250,412
Missouri	413,747	471,019	395,828	412,970	471,490	384,590
New Mexico	104.157	96,059	114,583	104,752	97,621	117,830
North Carolina	732,298	568,978	748,644	731,759	559,466	743,691
Oklahoma	687,608	692,303	764,706	701,632	712,140	789,317
South Carolina	694.555	408,098	945,781	698,401	403,387	968.354
Tennessee	602,305	574,121	502,871	622,066	596,113	507,277
Texas	2,916,444	2.557,702	3,111,051	3,047,930	2,663,004	3,252,556
Virginia	28,089	24,026	21,344	27,944	23,785	21,302

*Includes 48,626 bales of the crop of 1942 ginned prior to Aug. 1 which was counted in the supply for the season of 1941-42, compared with 1,969 and 32,187 bales of the crops of 1941 and 1940.

The statistics in this report for 1942 are subject to revision. Included in the total for 1942 are 63,814 bales which ginners estimated would be turned out after the March canvass; no round bales for 1942; 875 for 1941; and 3,472 for 1940; American-Egyptian bales, 73,189 for 1942; 57,929 for 1941; and 32,325 for 1940; Sea-Island, 871 for 1942; 3,496 for 1941; and 4,941 for 1940.

The average gross weight of the bale for the crop, counting round as half bales and excluding linters, is 515.4 pounds for 1942; 511.8 for 1941; and 510.9 for 1940. The number of ginneries operated for the crop of 1942 is 10,776 compared with 11,148 for 1941; and 11,650 for 1940.

Consumption, Stocks, Imports and Exports—United States

Cotton consumed during the month of February, 1943, amounted to 878,154 bales. Cotton on hand in consuming establishments on Feb. 28 was 2,528,515 bales, and in public storages and at compresses, 12,373,506 bales. The number of active consuming cotton spindles for the month was 22,859,160.

In the interest of national defense, the Department of Commerce has discontinued until further notice the publication of statistics concerning imports and exports.

World Statistics

Because of war conditions and the difficulties in obtaining dependable world statistics such data are being omitted from this report for the time being.

February Department Store Sales In New York Federal Reserve District 17% Above Year Ago

The Federal Reserve Bank of New York announced on March 20 that February sales of department stores in the Second Federal Reserve District increased 17% over a year ago. The combined sales for the first two months of 1943 are 2% higher than in the same period last year. Stocks of merchandise on hand in department stores at the end of February were 11% below the close of February, 1942.

The apparel stores in the New York Reserve District reported a gain of 48% in net sales in February, but their stocks on hand at the end of the month were 2% below last year.

The following is the bank's tabulation:

DEPARTMENT STORE TRADE BY MAJOR LOCALITIES: FEBRUARY, 1943
Second Federal Reserve District

Department Stores—	Percentage changes from a year earlier: Net Sales Feb.	Jan. & Feb.	Stock on hand, Feb. 28, 1943
*New York City	+20	+3	—11
*Northern New Jersey	+3	—7	—17
*Newark	+7	—3	—17
Westchester and Fairfield Counties	+8	—5	+1
Bridgeport	+10	—7	+7
Lower Hudson River Valley	+9	—3	—4
Poughkeepsie	+13	—1	----
Upper Hudson River Valley	+1	—9	—1
Albany	—12	—19	----
Schenectady	+17	+3	—6
*Central New York State	+23	+9	—11
*Mohawk River Valley	+24	+16	—3
Syracuse	+22	+7	—13
*Northern New York State	+2	—6	----
Southern New York State	+27	+14	+2
Binghamton	+31	+17	----
Elmira	+17	+5	----
*Western New York State	+24	+9	—8
Buffalo	+30	+13	—4
*Niagara Falls	+47	+36	—6
Rochester	+16	+2	—14
*All department stores	+17	+2	—11
*Apparel stores	+48	+17	—2

*Subject to possible revision.

INDEXES OF DEPARTMENT STORE SALES AND STOCKS
Second Federal Reserve District
[1923-25 average = 100]

	1942 Feb.	1942 Dec.	1943 Jan.	1943 Feb.
Sales (average daily), unadjusted	94	215	97	112
Sales (average daily), seasonally adjusted	116	119	123	138
Stocks, unadjusted	119	118	108	105
Stocks, seasonally adjusted	*124	121	118	111

*Revised.

Electric Output For Week Ended Mar. 20, 1943 Shows 17.6% Gain Over Same Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended March 20, 1943, was approximately 3,946,836,000 kwh., compared with 3,357,032,000 kwh. in the corresponding week last year, an increase of 17.6%. The output for the week ended March 13, 1943, was 17.5% in excess of the similar period of 1942.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Major Geographical Divisions—	Week Ended— Mar. 20	Mar. 13	Mar. 6	Feb. 27
New England	8.2	7.7	3.6	4.5
Middle Atlantic	11.6	11.7	11.3	8.4
Central Industrial	14.7	16.2	15.0	11.8
West Central	14.6	16.2	14.4	12.8
Southern States	26.0	24.1	20.1	17.7
Rocky Mountain	12.5	13.1	11.9	9.4
Pacific Coast	28.3	25.8	30.6	31.0
Total United States	17.6	17.5	16.3	14.2

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1942	1941	% Change 1942 over 1941	1940	1932	1929
Dec 5	3,883,534	3,414,844	+13.7	2,975,704	1,518,922	1,806,225
Dec 12	3,937,524	3,475,919	+13.3	3,003,543	1,563,384	1,840,863
Dec 19	3,975,873	3,495,140	+13.8	3,052,419	1,554,473	1,860,021
Dec 26	3,655,926	3,234,128	+13.0	2,757,259	1,414,710	1,637,683

Week Ended—	1943	1942	% Change 1943 over 1942	1941	1932	1929
Jan 2	3,779,993	3,288,685	+14.9	2,845,727	1,619,265	1,542.000
Jan 9	3,952,587	3,472,579	+13.8	3,002,454	1,602,482	1,733,810
Jan 16	3,952,479	3,450,468	+14.5	3,012,638	1,598,201	1,736,729
Jan 23	3,974,202	3,440,163	+15.5	2,996,155	1,588,967	1,717,315
Jan 30	3,976.844	3.468,193	+14.7	2,994,047	1,588,853	1,728,203
Feb 6	3,960,242	3,474,638	+14.0	2,989,392	1,578,817	1,726,161
Feb 13	3,939.708	3.421,639	+15.1	2.976.478	1.545.459	1.718 304
Feb 20	3,948,749	3,423,589	+15.3	2,985,585	1,512,158	1,699,250
Feb 27	3,892.796	3,409,907	+14.2	2,993,253	1,519,679	1,706,719
Mar 6	3,946.630	3,392,121	+16.3	3,004,639	1,538,452	1,702,570
Mar 13	3,944,679	3,357,444	+17.5	2,983,591	1,537,747	1,687,229
Mar 20	3,946,336	3.357,032	+17.6	2.983,048	1.514.553	1,683.262
Mar 27		3,345,502		2,975,407	1,480,208	1,679,589

Change In War Time Would Hurt Production

Robert P. Patterson, Under Secretary of War, and James V. Forrestal, Under Secretary of the Navy, joined on March 3 in warning that any change in the law establishing war time would be a serious detriment to increased production in 1943. Their statement reads:

"The war time statute has been one of the important contributions made by Congress to increase production of the sinews of war. During the last year it has brought about a saving in electrical generating capacity for the nation as a whole of more than 1,000,000 kilowatts and 1,500,000,000 kilowatt hours.

"Translated into terms of production, the power capacity thus saved by war time is sufficient to produce 1,000,000,000 pounds of aluminum per year. Without this saving of power, it would have been necessary to provide new electrical power facilities. This could only have been accomplished at the cost of a further deficit in scarce metals and equipment needed in the production of tanks, planes, ships, munitions, and in the erection of plants so vitally needed for the making of synthetic rubber and 100-octane gasoline.

"We recognize that some difficulties have resulted from the adoption of war time, but the inconveniences and even occasional hardships consequent to its adoption have been minor when compared to the savings achieved in electrical power necessary to war production.

"Any change in the present war time statute would without question result in serious detriment to increased production in 1943. It would slow down our march to victory."

An item regarding time changes in some States appeared in these columns March 4, page 856.

Feb. Rayon Shipments Increased Over Jan.

February domestic shipments of rayon yarn and staple fiber registered an increase over January, according to records compiled by the "Rayon Organon," published at the Textile Economics Bureau, Inc.. New York.

The Bureau's announcement further stated:

"Shipments for February totalled 51,200,000 pounds, as compared with 50,600,000 pounds in January and 47,300,000 pounds in February, 1942. Of this February total, rayon filament yarn comprised 38,700,000 pounds and rayon staple fiber 12,500,000 pounds.

"For the first two months ended Feb. 28, domestic shipments of rayon yarn and staple fiber amounted to 101,800,000 pounds, as compared with 101,000,000 pounds in the corresponding 1942 period.

"Stocks of rayon filament held by producers on Feb. 28 totalled 7,400,000 pounds, as compared with 8,900,000 pounds reported at the end of January. Stocks of rayon staple fiber in the hands of producers at the close of February totalled 2,500,000 pounds, as compared with 3,000,000 pounds on Jan. 31."

Moody's Daily Commodity Index

Tuesday, March 16	247.3
Wednesday, March 17	248.1
Thursday, March 18	247.5
Friday, March 19	247.7
Saturday, March 20	247.5
Monday, March 22	248.3
Tuesday, March 23	248.5
Two weeks ago, March 9	248.5
Month ago, Feb. 23	246.9
Year ago, March 23	229.4
1942 High, Dec. 22	239.9
Low, Jan. 2	220.0
1943 High, March 3	249.3
Low, Jan. 2	240.2

Planting Intentions As Of March 1, 1943

The Crop Reporting Board of the U. S. Department of Agriculture made public on March 19 the following report for the United States, on the indicated acreages of certain crops in 1943, based upon reports from farmers in all parts of the country to the Department on or about March 1 regarding their acreage plans for the 1943 season.

The acreages shown herein for 1943 are interpretations of reports from growers and are based on past relationships between such reports and acreages actually planted.

The purpose of this report is to assist growers generally in making such further changes in their acreage plans as may appear desirable. The acreages actually planted in 1943 may turn out to be larger or smaller than the indicated acreages here shown, by reason of weather conditions, price changes, labor supply, financial conditions, the agricultural program, and the effect of this report itself upon farmers' actions.

PLANTED ACREAGES

Crop	Average 1932-41 Thousands	1942 Thousands	Indicated 1943 Thousands	1943 as percent of 1943
Corn, all	98,524	91,011	96,827	106.4
All spring wheat	20.933	14,194	14,707	103.6
Durum	3,126	2,155	2,103	97.6
Other spring	17.806	12,039	12,604	104.7
Oats	41,354	42,662	42,638	99.9
Barley	13,902	19,448	19,306	99.3
Flaxseed	2,269	4,691	6,051	129.0
Rice	987	1,505	1,505	100.0
All sorghums	15,544	16,109	16,594	103.0
Potatoes	3,221	2,793	3,174	113.6
Sweet potatoes	836	708	813	114.8
Tobacco	1,537	1,380	1,402	101.6
Beans, dry edible	1,942	2,135	2,480	116.2
Peas, dry field	295	501	677	135.1
*Soybeans	6,999	14,222	15,603	109.7
*Cowpeas	3,121	3,407	2,974	87.3
*Peanuts	2,168	4,647	5,230	112.5
†Tame hay	56,649	60,211	60,270	100.1
Sugar beets	902	1,049	740	70.5

*Grown alone for all purposes. Partly duplicated in hay acreage.
†Acreage harvested.

On March 1 farmers in the United States were planning increases over their 1942 acreages of beans, oil seeds, corn and various other crops to meet war production goals, according to the annual March "Prospective Plantings" survey made by the Crop Reporting Board. Total crop acreage, as result, would be increased above that of last year.

Reports from all parts of the country show a strong effort to increase production notwithstanding difficulties. Since present conditions appear generally favorable except for a shortage of surface moisture in parts of the Southwest, crop losses in 1943 are likely to be moderate and the total acreage of crops harvested this year may easily be the largest since 1932. The March 1 reports, however, should be considered as representing plans at that time, before farmers had made full adjustment to recent changes in the agricultural program.

If March plans are carried out about as completely as usual, the acreages planted to beans and peas—crops needed as substitutes for meat—will be increased 16 and 35%, respectively, over the acreages planted last year. On the same basis, acreages of soybeans, peanuts and flaxseed, needed for their oils and oil meals, will be increased 10, 12½ and 29%, respectively. These increases would result in by far the largest acreages on record for each of these five crops. According to the reported plans of farmers, the acreages in potatoes and sweet potatoes—both increasingly important foods in wartime—will be increased 14 and 15%, respectively. The acreage of corn, grown chiefly for feeding livestock, will be increased more than 6% to nearly 97,000,000 acres.

Farmers have planted or were planning to plant almost the same acreages of oats, barley and rice as were planted for harvest last year, the indications ranging from the same acreage to a reduction of less than 1%. They were planning to increase Spring wheat 4%, but this increase would only partially offset the prospective decrease in acreage of Winter wheat that will remain for harvest. They planned to increase the total acreage of sorghums about 3%. Indications are that a greatly increased proportion of the sorghum acreage will be in grain sorghum varieties, and that a smaller percentage will be of the sweet sorghums grown mostly for forage.

Acreage now planned in tame hay crops shows about the same total as that cut last year. However, farmers in the Corn Belt are planning to reduce hay about 750,000 acres in order to increase corn. Farmers in the South expect to obtain more hay by saving the vines from the largely increased acreage of peanuts. Reports on tobacco acreage prospects indicate an increase of less than 2%. Due chiefly to the substitution of peanuts and soybeans for cowpeas in the South, farmers expect to reduce the acreage of cowpeas by 13%. The acreage of sugar beets, according to present plans, will be reduced nearly 30%, because of the large amount of labor required to take care of sugar beets, the favorable prospects offered by alternative war crops, and other factors.

The total of acreages planned for these crops amounts to about 279,000,000 acres, which would be an increase of nearly 10,000,000 acres, or 3.5%, over the area in these crops last year. More than half of this increase is explained by the increases of nearly 6,000,000 acres planned for corn. Another 3,300,000 acres of the increase is explained by the larger acreages in the three oil seeds—soybeans, peanuts and flaxseed. These increases are not likely to cause a corresponding increase in the total acreage of crops this season, because there will probably be less Winter wheat and rye left for harvest.

Acreage lost from drought and other causes may also exceed the rather low abandonment of the last few years. Nevertheless the tendency is towards full utilization of all productive land, so far as conditions permit. If no more than average difficulties from adverse weather are encountered, the total acreage of crops carried through to harvest seems likely to be larger than in any season since 1932, the year when the crop acreage reached an all-time peak, just prior to the great drought.

Indications are that on March 1 farmers were planning to plant close to the goals or suggested acreages of the Department for wheat, soy beans for beans, grain sorghum, tobacco and hay. They were preparing to exceed the recommended acreages for flaxseed, rice, oats and barley by more than 7,000.000 acres, but were likely to fall a little short for corn and potatoes, and fall considerably short for peanuts, sugar beets, dry beans, dry peas and sweet potatoes. Further adjustments in acreage are still possible, especially since many farmers made their returns before having full information on the removal of restrictions on wheat, which was announced on February 23, and before announcement in early March of the permission to increase planted acreage of cotton up to 110% of allotments and to increase acreages in certain types of tobacco. Other considerations may also bring about readjustments after March 1, as has happened in other years. It should be noted, however, that in the past the March reports usually have indicated farmers' plans for early crops with fair precision, changes being due largely to subsequent weather conditions, price changes and Governmental action.

There are rather sharp regional differences this year in the adjustments that farmers are making to meet the new conditions. In the North Atlantic States, Michigan and Wisconsin, the acreages of potatoes and canning vegetables and some specialized crops are expected to be increased and there may be some local increases in feed crops, but farmers and their families are finding it difficult to earn as much on their farms as they can earn in the nearby factories. As a result the number of farms is tending to decline and the acreage of crops will be maintained with difficulty. In California, where the labor problem is even more acute, a reduction of almost 3% is in prospect. Similar conditions prevail locally near booming industrial plants and munition factories in other States.

In the main Corn Belt farmers are planning substantial increases in corn and soybeans and decreases in hay and pasture. In this area, most of the farmers operating large acreages have tractors and power equipment that can be worked longer hours when necessary. These farmers are in a position to handle an increased acreage of crops. Furthermore. prices and yields are high enough in this area to permit farmers to draw needed workers away from less productive areas. In most of this area the demand for additional cropland is strong and the crop acreage is likely to be one of the largest ever grown. In the Great Plains area west of the main Corn Belt, a substantially increased acreage of crops is planned, but the total will probably be 11,000,000 acres below the level in predrought years.

In the South, March 1 plans were for large increases in peanuts and sweet potatoes and a slight further increase in the total crop acreage. Reports on early vegetables in the Southern States, Arizona and California, including about a third of the commercial vegetables grown for fresh market in the United States show plantings 11% below the acreage harvested last year, the chief reductions being in the early crops of onions, tomatoes, peas and cabbage.

In much of western Texas and Oklahoma, however, the acreage planned cannot be planted unless the present lack of surface moisture is adequately relieved by planting time. West of the Rockies the strong demand for hay and grain for maintaining the increased numbers of livestock, the demand for the specialty crops of this area, and the generally favorable irrigation water supply are combining to push crop acreages above those of previous years, except in localities where shortage of labor is most acute.

One of the big uncertainties this year is the ability of farmers to plant a near-record acreage of crops and care for record numbers of producing livestock and poultry with present manpower on farms. Farm manpower is now at the lowest level in the 19 years for which estimates are available. As the number of horses and mules on the farms is also lower than at any time in 60 years and few new tractors are available, the extra field work required this year can be accomplished only by working available mechanical equipment more hours per week. Although there will be a smaller than usual reserve of men and machines with which to meet emergency situations, farmers appear to be confident that planting and cultivating of most of the crop increases now planned can be accomplished under average conditions. The actual increase in the acreage of Spring planted crops, probably about 4%, could be offset by two hours' more work per week per person. The reduction of manpower on the farms is no doubt considerable, even though more members of the farm families than ordinarily are lending a hand with chores and light work. The strong demand for tractors and tractor equipment in all parts of the country indicates that a larger number of tractors could be operated than are available.

Problems of harvesting the slightly increased acreage of crops this year may be serious if yields are again high. With just average weather, however, crop yields per acre are likely to be about 12% below the exceptionally high records set last year. Allowing for this probability of lower yields, for indications of a slightly increased acreage harvested, and for a slight shift towards more valuable crops, the present outlook is for aggregate crop production this season of about 9% below the last year's output. This would not mean a corresponding decrease in the labor required for harvesting, but it would tend to keep the harvesting problem local and seasonal rather than national.

In spite of the indicated decrease in crop production, total food production probably will be somewhat larger than last year, because of the large increase expected in livestock production.

Corn—Prospective acreage of corn to be planted in 1943 is 96,827,000 acres, the largest since 1937. Such an acreage would be 6% more than the 91,011,000 acres planted in 1942, but nearly 2% less than the 10-year (1932-41) average of 98,524,000 acres. Substantial increases in acreage are indicated for the important corn-growing States of the northern part of the country, but elsewhere changes in acreage from last year were varied—with decreases in prospect for some Southern States. The prospective acreage exceeds the goal of 95,000,000 acres announced in December, but is below the 100,000,000 acres requested by the Department when corn acreage allotments were lifted. Lifting of restrictions on corn acreage in the commercial corn area by the Department and the increased need of feed for the expanded livestock population are important factors contributing to the larger acreage in prospect this year. Present plans indicate that in general the increase in corn acreage will result from shifting from other feed crops to corn, although sizeable upward adjustments in corn acreage are expected to result from the smaller wheat seedings in some important Winter wheat States, and from reduced acreages devoted to rotation pasture, hay, Summer fallow and idle land. Acreage intentions in Southern States as of March 1 may not fully reflect changes in plans for corn, which may result from recently announced permission to exceed allotments for cotton acreage.

Prospective plantings in the North Central States are expected to reach 59,096,000 acres, the largest since 1936, when 62,257,000 acres were planted. Record yields in 1943, and need for a maximum feed grain tonnage to support heavy production of meat and livestock products with existing facilities is encouraging the expansion. Increases are largest in the western Corn Belt States. In Iowa, a 10% increase in acreage is in prospect, with corn having preference over oats, hay and pasture.

Increases in other western Corn Belt States range from 10% in Minnesota to 22% in South Dakota. In most of these States farmers are favoring corn over barley, especially in Nebraska and Kansas, where 1942 barley yields were disappointing, and are also planning a reduction in the acreage of rotation pasture, Summer fallow and idle land to permit the increase in corn. In the eastern Corn Belt States increases in prospective acreage range from 5% in Ohio and Wisconsin to 9% in Illinois and Indiana.

In the North Atlantic States expected plantings show an increase of 2% over last year, due mostly to a 4% increase in Pennsylvania. The South Atlantic States show an increase of 1%, with all States except Delaware maintaining the same or a somewhat larger acreage than last year. In the South Central States prospective plantings are about the same as last year, with decreases of 1 to 3% in Alabama, Mississippi, Arkansas and Louisiana offset by increases in the other States of this region. Indicated plantings in the Western States remain about the same as last year. Colorado shows a 3% increase but this is offset by smaller acreages in a few other Western States.

While no indications are available at this time on the acreage to be planted with hybrid seed in 1943, very favorable yields for hybrid in 1942 will tend to encourage a continued expansion in areas having adaptable varieties. The heart of the Corn Belt planted hybrid corn on nearly 100% of its acreage in 1942. In terms of percentage the largest increases for 1943 will likely occur in the areas bordering this section. A reasonable expectation would be that about half of the 1943 acreage would be planted with hybrid seed. Production of hybrid seed in 1942 was reduced by the early frost of last September. Supplies of some varieties of seed are short, particularly those adaptable for the most northern sections. There is also some concern about germination quality of 1942 open-pollinated corn produced in the frost-stricken area.

Abandonment of corn acreage has varied from 1.3% in 1929 to 8.6% in 1936 over the period 1929 to 1942 inclusive. The 10-year (1932-41) average is 4.0%. The loss of acreage amounted to 1.7% in 1942.

Assuming that abandonment of corn acreage in 1943 will be about the same as the 10-year average, excluding the severe drought years of 1934 and 1936, the probable acreage for harvest would be about 94,019,000 acres. An acreage this size would exceed last year by 5% and would be the largest since 1935.

If growing conditions in 1943 result in State yields per planted acre about equal to the 3-year (1939-41) average, which more nearly reflects the influence of hybrid corn on yield than does the 10-year average, probable production of corn for all purposes (grain, silage, fodder, hogged-off, pastured, etc.) would amount to about 2,850,000,000 bushels.

Wheat—An increase over last year is indicated in the seeded acreage of Spring wheat. The prospective 14,707,000 seeded acres is 103.6% of the 14,194,000 acres seeded last year, but only 70% of average. The increase is centered in the principal hard red Spring wheat States of the northern Great Plains and in the Pacific Northwest. A smaller acreage than last year is shown in the central Plains States and in the Corn Belt, where Winter wheat predominates. In these areas the intended acreage of Winter wheat was seeded last Fall and Winter loss is not expected to be heavy enough to cause much reseeding to Spring wheat. Considerable abandoned Winter wheat acreage will be reseeded to Spring wheat in the Northwest. There and in the

Northern Plains the effect of suspension of wheat acreage allotments may not be fully reflected in farmers' intentions as reported because the announcement was released only a few days before intentions to plant information was gathered from farmers. Combining last December's estimate of Winter wheat seeded with the prospective Spring wheat acreage, the indicated seeded acreage for all wheat is very close to the wheat acreage goal of 52,500,000 acres. A further decline in the acreage of durum wheat is indicated. The indicated acreage is 2,103,000 acres, which is 97.6% of last year's 2,155,000 seeded acres, and 1,000,000 acres below the 10-year average. This decline is due to a shift to other Spring wheat in South Dakota. Durum acreage increased slightly in the other States. The indicated other Spring wheat acreage of 12,604,000 acres is a slight increase—4.7% above the 12,039,000 acres seeded in 1942—but much lower than the average of 17,806,000 acres.

Winter wheat, which was seeded last Fall under unusually favorable conditions that permitted seeding the intended acreage, is emerging from Winter hazards in reasonably good condition. Winter temperatures were unusually severe, but there was a good protective snow cover when most of the cold spells occurred. In the area from central Kansas southwestward, the Fall rain and Winter snow were insufficient to maintain surface moisture supply, and there was evidence of depletion of subsoil moisture, causing apprehension that has not yet been removed by sufficient rains.

Assuming 10-year-average abandonment of Spring wheat acreage, the acreage remaining for harvest in 1943 would be 11,519,000 acres. The yield per acre remains to be determined by weather conditions during the forthcoming season. Assuming a Spring wheat yield equal to that of the post-drought years, 1937-41, and including the estimate made last December for 1943 Winter wheat production, the indicated 1943 all wheat production would be approximately 794,000,000 bushels, 19% less than in 1942 and 6% above average.

Oats—Prospective plantings of oats in 1943 total 42,638,000 acres, one-tenth of 1% less than the 42,662,000 acres planted in 1942, but 3.1% above the average plantings of 41,354,000 acres during the 10-year period from 1932 to 1941.

Compared with last year, decreased plantings are indicated for all groups of States, except the West North Central, which has roughly one-half of the oats acreage in the country. By regions indicated acreage is below 1942 from 0.1% in the North Atlantic States to 2.0% in the South Central States; in the West North Central States, plantings will be increased 0.8%. In the entire Corn Belt, the East and West North Central States combined, plantings will be 30, 912,000 acres, a 0.3% increase over plantings in 1942.

Good yields obtained in 1942, the urgent need for feed, and the relatively low labor requirements for producing oats are factors tending to increase acreage in the important oats-producing States from Pennsylvania west along the Lakes and the Canadian border to North Dakota and south as far as Kansas. Reduced plantings are in prospect from Indiana west to Iowa and south to Arkansas and Oklahoma, largely as a result of a shift to corn and soybeans, and the shift to hemp in some sections of Indiana, Illinois and Iowa.

Conditions for Spring planting are generally favorable, but the crop may go in a little late in some of the heavy oats-producing areas. Fall plantings in Arkansas, Oklahoma and Texas have been extensively damaged by severe Winter weather, and there is a scarcity of seed for replanting.

Average abandonment and acreage harvested for hay amounted to 11% of the seedings in the five-year period from 1937 to 1941. If such a percentage is abandoned and cut for hay in 1943, the acreage harvested for grain would be about 38,000,000 acres. At the 1937-41 average yield of 31.2 bushels, this would give a production of 1,180 million bushels, compared with the 1942 crop of 1,358,730,000 bushels and the 1930-39 average of 1,016,061,000 bushels.

Barley—For the 1943 barley crop a planted acreage of 19,306,000 acres is indicated. This is but slightly under the 1942 record of 19,448,000 acres planted. The 1943 goal called for 18,000,000 planted acres. Although the total acreage of Winter and Spring sown barley for 1943 is near that of a year ago, the distribution has shifted. Appreciable increases are indicated in the Dakotas and most Western States, where the barley yields of the past two years have been very favorable. The growing popularity of barley as a grain feed also contributes to the increase in this region. Of the Western States, only California and Oregon show a reduction in acreage from last year.

All North Central States except the Dakotas and Michigan show a decline in planted acreage from a year ago. The decline is greatest in the heart of the Corn Belt, where Iowa, Illinois and Missouri show declines from 1942 of 68, 33 and 32%, respectively. Heavy abandonment of Fall-sown barley and low yields in these States in recent years, together with competition of other crops, account for these declines.

The two Dakotas and Nebraska continue to be the three important barley States. In addition to being popular as a feed crop in these States, barley requires much less labor than corn and is better suited for harvesting with combines than oats—all important considerations under current conditions.

If allowance is made for abandonment and other diversion of plantings, acreage of barley for harvest in 1943 would be 16,061,000 acres. This allowance is arrived at by use of current indications of abandonment and diversion on the Fall-sown barley and by use of the five-year (1937-41) average for Spring-sown barley. On the basis of the indicated acres for harvest by States, and using the post-drought five-year average barley yields, the 1943 barley production would be about 357,000,000 bushels. This is 16% below the 1942 record production, but only about 1% below that for 1941. Such a crop still would be the third largest on record.

Potatoes—Growers' intentions-to-plant reports point to a prospective 13.6% increase in potato acreage in 1943 over the planted acreage of 1942. These reports indicate a total planted acreage of 3,174,300 acres for 1943, compared with 2,793,400 acres planted in 1942 and the 10-year (1932-41 average of 3,221,000 acres. The 1943 planted acreage goal for potatoes is 3,260,000 acres.

Indicated increases for the three seasonal groups of States (early, intermediate and late States) are remarkably uniform, ranging for each group between 113 and 114% of the planted acreage of 1942. For individual States, however, changes from last year's acreage vary considerably. In the 18 surplus late States (which produce about two-thirds of the nation's potato crop) prospective plantings range from a 39% increase in Oregon down to no change in North Dakota. Of this group, the 10 Western States show the most pronounced increases, and average 19% above the planted acreage of 1942. Each of the 12 other late States show prospective increases, with an average increase of 10% indicated for the group.

In the seven intermediate States increases range from 6 to 21%, and reports point to considerably larger acreages in the commercial areas of Virginia, Maryland and New Jersey. For the important early potato States (California and 11 Southern States) reports on planted and intended acreage in 1943 indicate substantial increases in each State except Alabama, where it appears that a sharp reduction in the early commercial acreage was responsible for a net decrease of 4% in the State's total acreage.

Should 3,174,000 acres be planted to potatoes in 1943 (the acreage now in prospect) the probable acreage for harvest would be around 3,082,000 acres. This acreage for harvest assumes average growing conditions and an abandonment of planted acreage equal to the 10-year (1933-42) average of 2.9%. The 10-year (1933-42) average yield per harvested acre is about 120 bushels and the five-year (1938-42) average is 129 bushels. In 1942 the yield was 137 bushels per acre and in 1941 it was 131 bushels per acre. If average growing conditions prevail in 1943, a yield of around 130 bushels per acre would be expected. This yield, applied to the prospective 3,082,000 acres for harvest, would give a total production of 400,660,000 bushels, which is the crop that would be produced under average growing conditions from the acreage indicated by growers' March intentions. Production in 1942 totaled 371,150,000 bushels and in 1941, 355,602,000 bushels.

President Endorses United Jewish Appeal

Endorsement of the 1943 campaign of the United Jewish Appeal by President Roosevelt was voiced on March 8 in a message to William Rosenwald, Rabbi Abba Hillel Silver of Cleveland and Rabbi Jonah B. Wise, national Chairman of the unified drive in behalf of the Joint Distribution Committee, United Palestine Appeal and the National Refugee Service. The President's message follows:

"Throughout the past decade of destruction of human life and decency by the Nazi regime, the American people have, through private relief and reconstruction agencies, manifested their deep concern and sympathy for the victims of racial and religious oppression. The preservation of the life of those whom the tyrants sought to destroy has been supported not only out of humanitarian considerations, but for the sake of sustaining the spirit of freedom and democracy in the lands where it has been temporarily crushed.

"The reconstructive help that has been extended through the United Jewish Appeal has been a great physical and spiritual bulwark for many victims of oppression. Relief afforded to these victims overseas and aid extended to newcomers in our own country are praiseworthy humanitarian undertakings. It is my hope that the 1943 campaign of the United Jewish Appeal will make possible the continuance of this contribution to the alleviation of human suffering."

Pernambuco Interest

Holders of State of Pernambuco (United States of Brazil) 7% external sinking fund loan due March 1, 1947, are being notified that interest due Sept. 1, 1940, will be paid beginning March 1 at the rate of $4.89125 per $35 coupon, upon presentation to White, Weld & Co., special agents, 40 Wall Street, New York. Unpaid interest coupons of this issue, namely those maturing from Sept. 1, 1931, to March 1, 1934, inclusive and on Sept. 1, 1937, must remain attached to the bonds for future adjustment in accordance with the Decree of the Federal Government of Brazil dated Feb. 5, 1934, and modified March 8, 1940.

National Fertilizer Association
Commodity Price Average Turns Upward

The wholesale commodity price level was fractionally higher last week as farm product and food prices resumed their upward trend. The weekly wholesale commodity price index compiled by The National Fertilizer Association, and made public on March 22, in the week ended March 20, 1943, advanced to 135.5 from 135.4 in the preceding week. A month ago it was 134.6 and a year ago 124.0, based on the 1935-1939 average as 100. The Association's report continued as follows:

With a few exceptions most price changes occurred in the food and farm products groups. Advancing prices for eggs, corn meal, potatoes and fluid milk more than offset decreases in tallow and dried beans, resulting in a moderate rise in the food price index. Prices were mixed in the farm products group. Advancing prices in cotton, eggs, hogs and sheep more than offset declines in grains, cattle and lambs. A fractional advance in the fuel index was due to a rise in kerosene prices following an amendment to the OPA petroleum products maximum price order. The chemicals and drugs index declined as a result of a downward adjustment in alcohol prices. The only other group average to change during the week was the textile index, which advanced fractionally.

Although the all-commodity index advanced during the week, price declines outnumbered advances 11 to 9; in the preceding week there were 8 advances and 7 declines; in the second preceding week there were 18 advances and 2 declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX

Compiled by The National Fertilizer Association

[*1935-1939=100]

% Each Group Bears to the Total Index	Group	Latest Week Mar. 20 1943	Preceding Week Mar. 13 1943	Month Ago Feb. 13 1943	Year Ago Mar. 21 1942
25.3	Foods	138.2	137.6	137.8	120.9
	Fats and Oils	148.0	148.5	148.5	136.2
	Cottonseed Oil	160.1	160.1	159.0	159.0
23.0	Farm Products	155.1	154.9	151.6	134.4
	Cotton	200.9	199.8	194.7	184.2
	Grains	139.0	141.4	134.1	117.6
	Livestock	151.9	151.2	149.0	128.5
17.3	Fuels	121.8	121.7	121.7	113.3
10.8	Miscellaneous commodities	130.4	130.4	129.2	127.9
8.2	Textiles	151.4	151.2	150.5	147.0
7.1	Metals	104.4	104.4	104.4	104.4
6.1	Building materials	152.2	152.2	151.7	139.8
1.3	Chemicals and drugs	127.0	127.1	127.6	120.3
.3	Fertilizer materials	117.6	117.6	117.6	118.9
.3	Fertilizers	119.8	119.8	†119.8	115.3
.3	Farm machinery	104.1	104.1	104.1	104.1
100.0	All groups combined	135.5	135.4	134.6	124.0

*Indexes on 1926-1928 base were March 20, 1943, 105.6; March 13, 105.5; March 21, 1942, 96.6. †Revised.

Cottonseed Receipts In February

On March 13, the Bureau of Census issued the following statement showing cottonseed received, crushed, and on hand, and cottonseed products manufactured, shipped out, on hand, and exported for the six months ended with February, 1943 and 1942.

COTTONSEED RECEIVED, CRUSHED, AND ON HAND (TONS)

State—	*Received at mills Aug. 1 to Feb. 28		Crushed Aug. 1 to Feb. 28		On hand at mills Feb. 28	
	1943	1942	1943	1942	1943	1942
United States	4,334,893	3,804,856	3,652,728	3,173,391	759,428	761,994
Alabama	248,200	211,559	218,611	177,561	32,922	45,171
Arizona	73,078	76,668	55,572	65,015	17,897	11,870
Arkansas	463,984	470,446	352,373	372,640	123,432	122,736
California	143,761	149,140	96,132	118,182	48,804	37,453
Georgia	327,538	245,824	306,340	202,975	25,255	61,765
Louisiana	159,573	79,154	155,209	76,607	5,108	3,073
Mississippi	733,792	549,126	569,086	440,817	170,947	112,335
North Carolina	257,027	209,161	223,811	181,995	34,873	36,902
Oklahoma	215,948	237,398	202,752	218,322	17,660	19,608
South Carolina	195,762	109,157	187,735	100,880	7,974	11,285
Tennessee	373,811	391,556	287,772	299,088	95,226	113,136
Texas	998,806	936,661	895,613	808,349	136,148	155,506
All other States	143,613	139,006	101,722	110,960	43,182	31,154

*Does not include 81,928 and 130,529 tons on hand Aug. 1 nor 39,342 and 40,370 tons reshipped for 1943 and 1942 respectively. Does include 4,665 tons destroyed for 1943.

COTTONSEED PRODUCTS MANUFACTURED, SHIPPED OUT, AND ON HAND

Item—	Season	On hand Aug. 1	Produced Aug. 1 to Feb. 28	Shipped out Aug. 1 to Feb. 28	On hand Feb. 28
Crude oil (thousand pounds)	1942-43	*34,460	1,129,816	1,090,994	*140,655
	1941-42	29,708	980,052	946,030	170,358
Refined oil (thousand pounds)	1942-43	†310,191	‡936,338	------	†318,380
	1941-42	294,005	768,726	------	347,444
Cake and meal (tons)	1942-43	190,100	1,616,320	1,747,620	58,800
	1941-42	164,444	1,383,780	1,177,936	370,288
Hulls (tons)	1942-43	44,118	381,113	890,381	34,850
	1941-42	151,439	789,704	734,838	206,305
Linters (running bales)	1942-43	43,295	§1,099,574	846,655	§296,214
	1941-42	123,154	930,750	905,335	148,569
Hull fiber (500-lb. bales)	1942-43	229	24,618	23,374	1,473
	1941-42	1,834	22,877	22,849	1,862
Grabbots, motes, &c. (500-lb. bales)	1942-43	23,644	48,300	39,208	32,736
	1941-42	6,183	42,809	23,337	25,655

*Includes 24,484,000 and 81,027,000 pounds held by refining and manufacturing establishments and 2,118,000 and 12,948,000 pounds in transit to refiners and consumers Aug. 1, 1942 and Feb. 28, 1943, respectively.

†Includes 3,620,000 and 9,468,000 pounds held by refiners, brokers, agents, and warehousemen at places other than refineries and manufacturing establishments and 1,389,000, and 3,398,000 pounds in transit to manufacturers of shortening, oleomargarine, soap, etc., Aug. 1, 1942 and Feb. 28, 1943, respectively. Does not include winterized oil.

‡Produced from 1,003,905,000 pounds of crude oil.

§Total linters produced includes 12,259 bales first cut, 72,365 bales second cut and 1,014,950 bales mill run. Total held includes 8,386 bales first cut, 15,839 bales second cut and 271,989 bales mill run.

Exports and Imports of Cottonseed Products

In the interest of national defense, the Department of Commerce has discontinued until further notice the publication of statistics concerning imports and exports.

Changes In Holdings Of Reacquired Stock Of N. Y. Stock & Curb Listed Firms

The monthly compilation of companies listed on the New York Stock Exchange reporting changes in their holdings of reacquired stock was made available on March 17. Following is the tabulation issued by the Stock Exchange:

Company and Class of Stock—	Shares Previously Reported	Shares Per Latest Report	
Allied Stores Corp., 5% preferred	7,517	9,817	
American Hide and Leather Co., 6% preferred	1,260	1,760	
Atlantic Gulf and West Indies S.S. Lines, 5% preferred	24,100	24,200	
American Machine and Metals, Inc., capital	10,000	14,800	
Armour and Co. (Delaware), 7% preferred	543	547	
Associates Investment Co., common	28,324	28,608	
Atlas Corp., common	61,449	61,456	
Borden Co. (The), capital	43,154	48,254	
Bucyrus-Erie Co., 7% preferred	11,473	11,476	
Celotex Corp. (The), common	6,342	------	
Century Ribbon Mills, Inc., 7% preferred	211	271	
Chicago Yellow Cab Co., capital	38,369	39,469	
Consolidated Laundries Corp., common	39,100	40,000	
Consolidated Oil Corp., common	276,800	307,700	
Continental Baking Co., 8% cum. preferred	200	------	(1)
Cuban-American Sugar Co. (The), 7% cum. pfd.	10,893	11,193	
Davega Stores Corp., common	13,850	14,650	
5% cumulative convertible preferred	300	------	(2)
Detroit Edison Co., common	4,095	3,465	
Devoe & Raynolds Co., Ltd., class A common	5,856	4,856	
Distillers Corp.-Seagrams, Ltd., cum. pfd 5% series	------	------	(3)
Federated Department Stores, Inc., 4¼% conv. pfd.	11,800	11,900	
General Motors Corp., common	41,171	76,071	
General Shoe Corp., common	3,063	2,820	(4)
Gillette Safety Razor Co., $5 conv. pref.	13,649	13,749	
Goodyear Tire & Rubber Co. (The), $5 cum. conv. pfd.	7,312	10,512	
Hat Corp. of America, 6½% preferred	160	330	
Kaufmann Department Stores, Inc., 5% cum. preference	20,265	18,765	(2)
National Steel Corp., common	5,150	5,130	
Newport News Shipbuilding and Dry Dock Co., $5 cum. convertible preferred	7,200	7,800	
Plymouth Oil Co., common	1,984	2,284	
Real Silk Hosiery Mills, Inc., 7% cum. pfd.	5,669	5,868	
Revere Copper and Brass, Inc., 5¼% cum. pfd.	258	658	(5)
7% cumulative preferred	------	827	
Safeway Stores, Inc., 5% cumulative preferred	3,386	3,387	
Sheaffer (W. A.) Pen Co., common	4,306	4,276	
Squibb (E. R.) & Sons, common	42,343	40,343	
Swift & Co., capital	77,721	77,711	
Transamerica Corp., capital	1,110,944	1,111,483	
Union Bag & Paper Corp., common	15,400	20,000	
United Dyewood Corp., common	183	------	(2)
7% preferred	830	------	(2)
United Merchants & Manufacturers, Inc., v.t.c. or com.	17,404	24,104	
United States Leather Co. (The), prior preference	3,645	4,645	
United States Rubber Co., common	252	226	
Virginia Iron Coal & Coke Co., 5% preferred	1,722	2,212	
Willys-Overland Motors, Inc., 6% cum. conv. pfd.	62,720	73,795	
Worthington Pump & Mchy. Corp., 7% cum. class A pfd.	------	60	

NOTES

(1) 3,125 shares acquired and 3,325 retired.
(2) Retirement.
(3) 400 shares acquired and retired.
(4) 250 shares disposed of 7 shares acquired.
(5) 560 shares acquired, 160 shares retired.

The New York Curb Exchange issued on March 16 the following list of issuers of fully listed securities which have reported changes in their holdings of reacquired stock:

Name—	Shares Previously Reported	Shares Per Latest Report
Air Air Investors, Inc., conv. pref.	900	400
American Cities Pw. & Lt. Corp., A opt. div. series 1936	4,242	6,342
Cv. A. opt. div. series	2,386	2,736
American General Corp., common	358,763	358,765
American Writing Paper Corp., common	33,062	34,262
Automatic Products Corp., capital	------	20,200
Dejay Stores, Inc., common	12,166	12,306
Gellman Manufacturing Co., common	5,350	7,740
Interstate Hosiery Mills, Inc., capital	9,345	33,909
Ken-Rad Tube & Lamp Corp., A common	9,550	9,950
Knott Corp., common	9,068	9,073
Mangel Stores, Inc., $5 conv. pfd.	1,840	1,880
Merritt-Chapman & Scott Corp., 6½% A preferred	880	1,230
Mock, Judson, Voehringer Co., Inc., common	4,067	13,367
New York Merchandise Co., Inc., common	123,537	123,737
Oilstocks, Limited, capital	3,248	3,348
Sterchi Bros. Stores, Inc., 6% 1st preferred	------	60
5% 2nd preferred	------	60
Trunz, Inc., common	17,209	17,259
United Cigar-Whelan Stores Corp., common	12,146	12,153

Retail Food Costs Advanced Again Between Mid-Jan. And Mid-Feb., Labor Dept. Reports

The cost of most foods consumed by the average family continued to advance between mid-January and mid-February, Secretary of Labor Perkins reported on March 16.

"The average increase for all foods over the month was 0.5%, as fresh fruits and vegetables went up with increased buying because of short supplies of canned goods and in anticipation of rationing effective on March 1," she said. The usual large seasonal decline in egg prices of 13.5% was primarily responsible for holding down the overall increases. The average cost of foods other than eggs rose by 1.5%.

The Labor Department's announcement further stated:

"Reports from retailers indicate limited supplies of meats, butter, most canned fruits and vegetables, shortening, tea and coffee. The Bureau's index does not completely reflect all the higher costs which are due to necessary shifts in buying different kinds of foods or at higher-priced stores because of short supplies, which at the present time it is not possible to measure statistically.

"Foods under direct control by OPA on Feb. 16, representing about 90% of the total food budget, declined 1/10 of 1% over the month but remained 7.4% above May 12. Meats continued to advance as reports of very limited supplies were received from all over the country. Prices for all of the dairy products except cheese again went up. Prices of fresh fruits under control declined slightly while the prices of fresh vegetables under control rose by more than the usual seasonal amounts. The order freezing prices of certain fresh vegetables was effected too late in February to be reflected in prices for the 16th. The prices of the canned and dried fruits and vegetables also rose as adjustments were made in wholesale and retail prices under margin regulations.

"Foods not under direct control (about 10% of the total food budget) advanced 4.4% and are now 33% above the May 12 level. Prices of all of the individual foods in the uncontrolled groups showed increases except for 3.6% contra-seasonal decline over the month for fresh green beans. New crop cabbage arriving in retail markets was considerably higher in price.

"On Feb. 16 the Bureau of Labor Statistics' index of retail food costs stood at 133.6% of the 1935-39 average, 9.9% above May 12 (immediately before price control at the retail level), 14% above a year ago and approximately 43% above August, 1939.

Index numbers of food costs by commodity groups for Feb. 16 and Jan. 12, 1943; Dec. 15, May 12, March 17 and Feb. 17, 1942, and Aug. 15, 1939, are shown below:

INDEXES OF RETAIL COSTS OF FOOD BY COMMODITY GROUPS

(Five-Year Average 1935-39 = 100)

Commodity Group—	Feb. 16 1943*	Jan. 12 1943	Dec. 15 1942	May 12 1942	Mar. 17 1942	Feb. 17 1942	Aug. 15 1939
ALL FOODS	133.6	133.0	132.7	121.6	118.6	116.8	93.5
Cereals and bakery products	106.5	†105.9	105.8	105.2	104.8	104.3	93.4
Meats	136.1	134.7	133.2	124.3	120.5	118.5	95.7
Beef and veal	128.9	128.2	127.5	124.1	119.7	119.9	99.6
Pork	126.3	125.5	125.2	123.2	117.5	110.9	88.0
Lamb	137.1	136.6	135.7	118.2	108.7	109.2	98.8
Chickens	143.4	139.4	134.9	113.4	112.2	110.7	94.6
Fish, fresh & canned	193.0	188.7	183.3	150.9	158.9	157.7	99.6
Dairy products	135.9	134.2	132.3	123.3	121.7	121.8	93.1
Eggs	144.1	166.5	167.2	115.4	112.1	119.0	90.7
Fruits & vegetables	148.9	144.1	146.6	128.7	123.4	117.7	92.4
Fresh	152.8	†147.2	151.0	130.0	123.7	117.9	92.8
Canned	131.3	†129.1	127.7	122.7	120.8	114.6	91.6
Dried	156.5	†153.8	150.5	131.2	127.9	125.4	90.3
Beverages	124.8	†124.4	124.5	124.6	119.6	117.2	94.9
Fats and oils	126.1	126.2	125.3	122.4	116.8	114.0	84.5
Sugar	127.4	127.4	127.7	127.1	128.5	127.7	95.6

*Preliminary. †Revised.

Weekly Coal And Coke Production Statistics

The Bituminous Coal Division, U. S. Department of the Interior, in its latest report, states that the total production of soft coal in the week ended March 13 is estimated at 12,600,000 net tons, an increase of 250,000 tons, or 2.0% over the preceding week. Soft coal production in the corresponding week of 1942 was 11,049,000 net tons.

According to the U. S. Bureau of Mines, production of Pennsylvania anthracite for the week ended March 13 was estimated at 1,292,000 tons, an increase of 49,000 tons over the preceding week.

ESTIMATED UNITED STATES PRODUCTION OF COAL WITH COMPARABLE DATA ON PRODUCTION OF CRUDE PETROLEUM

In Net Tons (000 omitted)

	Week Ended			January 1 to Date		
Bituminous coal and lignite—	Mar. 13 1943	Mar. 6 1943	Mar. 14 1942	†Mar. 13 1943	Mar. 14 1942	Mar. 13 1937
Total, incl. mine fuel	12,600	12,350	11,049	121,680	114,718	106,774
Daily average	2,100	2,058	1,842	1,995	1,850	1,753
*Crude Petroleum—						
Coal equivalent of weekly output	6,211	6,227	5,631	63,868	67,970	53,681

*Total barrels produced during the week converted into equivalent coal assuming 6,000,000 B. t. u. per barrel of oil and 13,100 B. t. u. per pound of coal. Note that most of the supply of petroleum products is not directly competitive with coal (Minerals Yearbook, Review of 1940, page 775). †Subject to current adjustment.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES

(In Thousands of Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended					Mar. avge.
State—	Mar. 6 1943	Feb. 27 1943	Mar. 7 1942	Mar. 8 1941	Mar. 6 1937	¶1923
Alabama	380	383	361	361	305	423
Alaska	6	6	5	3	2	**
Arkansas and Oklahoma	102	110	61	71	60	77
Colorado	182	178	166	150	177	195
Georgia and North Carolina	1	1	1	1	1	**
Illinois	1,539	1,552	1,250	1,241	1,501	1,684
Indiana	522	544	531	529	517	575
Iowa	62	62	65	75	117	122
Kansas and Missouri	190	205	171	178	188	144
Kentucky—Eastern	965	1,059	728	857	865	560
Kentucky—Western	331	342	275	250	269	215
Maryland	39	37	35	37	38	52
Michigan	7	8	7	††	18	32
Montana (bituminous and lignite)	84	101	72	58	70	68
New Mexico	42	41	29	29	40	53
North and South Dakota (lignite)	63	58	49	58	52	**34
Ohio	732	727	626	595	651	740
Pennsylvania (bituminous)	2,803	2,792	2,655	2,817	2,817	3,249
Tennessee	149	162	148	149	116	118
Texas (bituminous and lignite)	6	6	5	8	15	19
Utah	129	133	105	73	110	68
Virginia	435	463	303	384	325	230
Washington	42	41	38	39	43	74
*West Virginia—Southern	2,391	2,490	1,642	2,082	2,049	1,172
†West Virginia—Northern	946	978	777	780	753	717
Wyoming	201	200	157	122	141	136
‡Other Western States	1	1	1	††	††	**7
Total bituminous and lignite	12,350	12,680	10,263	10,947	11,240	10,764
§Pennsylvania anthracite	1,243	1,278	1,179	1,161	689	2,040
Total all coal	13,593	13,958	11,442	12,108	11,929	12,804

*Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. †Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. ‡Includes Arizona, California, Idaho, Nevada and Oregon. §Data for Pennsylvania anthracite from published records of the Bureau of Mines. ¶Average weekly rate for entire month. **Alaska, Georgia, North Carolina, and South Dakota included with "Other Western States." ††Less than 1,000 tons.

Living Costs In Large Cities Advanced 0.2% Between Jan. 15-Feb. 15, Labor Dept. Reports

Living costs of city workers advanced 0.2% in the month ending Feb. 15, 1943, Secretary of Labor Perkins reported on March 18, bringing the cost of living to a level 22.6% above Aug. 15, 1939, the month before the outbreak of the war in Europe.

"The rise of 0.5% in food costs was primarily responsible for the advance, but increases in service charges and higher coal prices also contributed to the rise," she said; Miss Perkins added:

"The cost of goods and services under OPA control on Feb. 15 remained unchanged. The cost of gas, electricity and services controlled by other Government agencies declined 0.3% because of a sharp decline in rates charged for gas in Chicago, while prices of goods and services not under any form of governmental control increased 1.7%."

The Labor Department's announcement supplied the following further information:

"Food: The average increase for all foods from mid-January to mid-February was 0.5%. Prices for fresh fruits and vegetables went up with increased buying because of short supplies of canned goods and in anticipation of rationing effective on March 1. The larger-than-usual seasonal decline of 13.5% in egg prices was primarily responsible for holding down the overall increase in food costs. The average cost of food other than eggs rose by 1.5%.

"Reports from retailers indicate limited supplies of meats, butter, most canned fruits and vegetables, shortening, tea and coffee. The Bureau's index of food prices dose not completely reflect all the higher costs which are due to necessary shifts in buying different kinds of food or buying at higher priced stores because of short supplies, which at the present time cannot be measured statistically.

"Clothing: Clothing prices remained unchanged, on the average, in the large cities of the country. Clearance sales brought decreases in men's and women's heavy woolen coats in many of the 21 cities covered in February. In several cities, however, these decreases were counterbalanced by the disappearance of articles of the quality previously priced, making it necessary to buy goods at higher prices. Relatively large increases in prices of men's work shoes were reported from three cities, and prices of men's suits rose in five cities.

"Housefurnishings: Housefurnishings costs rose 0.2%. The cost of blankets increased in several cities because blankets in the lower-price lines were not available. Prices of sheets rose in four cities and prices of living room suites in two cities.

"Fuel, Electricity and Ice: Coal prices went up in 18 of the 34 cities surveyed, as dealers passed on to their customers the transportation tax which became effective in December and readjusted their selling prices to allow for higher prices at the mine which were authorized in January. In New York City, where coal prices rose sharply from December 15 to January 15, there was a slight decline this month. Chicago gas rates were lowered by nearly 15% on the order of the State Commerce Commission.

"Miscellaneous: Increases in service charges of one kind or another were reported from a majority of the cities covered. They included advances in charges for medical services and hospital room rates, higher charges for beauty and barber shop services, for motion picture admissions, and increases in launderers' rates.

"Rents: Rents were not surveyed in February. Since last September when rent control had become established in most large cities, rents have varied little from month to month in the 21 cities covered in the Bureau's monthly cost of living index. The Bureau's regular survey of rents will be made in March."

Lumber Movement—Week Ended March 13, 1943

According to the National Lumber Manufacturers Association, lumber shipments of 448 mills reporting to the National Lumber Trade Barometer exceeded production by 9.5% for the week ended March 13, 1943. In the same week new orders of these mills were 15.5% greater than production. Unfilled order files in the reporting mills amounted to 92% of stocks. For reporting softwood mills, unfilled orders are equivalent to 39 days' production at the current rate, and gross stocks are equivalent to 39 days' production.

For the year to date, shipments of reporting identical mills exceeded production by 17.4%; orders by 20.5%.

Compared to the average corresponding week of 1935-39, production of reporting mills was 28.3% greater; shipments were 30.8% greater, and orders were 34.5% greater.

Bankers' Dollar Acceptances Outstanding On February 27 Increased To $127,062,000

The volume of bankers' dollar acceptances outstanding on Feb. 27 totaled $127,062,000, an increase of $7,380,000 from the Jan. 30 figure, according to the monthly acceptance survey issued March 18 by the Federal Reserve Bank of New York. Despite the increase in recent months, the total is $62,948,000 below a year ago.

The monthly advance was due to increases in all branches of credit over Jan. 30, while, in the year-to-year comparison, all branches were below the Feb. 28, 1942, figures.

The Reserve Bank's report follows:

BANKERS' DOLLAR ACCEPTANCES OUTSTANDING—UNITED STATES BY FEDERAL RESERVE DISTRICTS

Federal Reserve District—	Feb. 27, '43	Jan. 30, '43	Feb. 28, '42
1 Boston	$24,921,000	$23,131,000	$31,687,000
2 New York	71,646,000	69,774,000	118,528,000
3 Philadelphia	5,423,000	5,888,000	9,419,000
4 Cleveland	1,968,000	1,828,000	4,233,000
5 Richmond	1,667,000	540,000	1,655,000
6 Atlanta	2,588,000	2,271,000	3,356,000
7 Chicago	4,611,000	3,999,000	5,264,000
8 St. Louis	387,000	225,000	750,000
9 Minneapolis	164,000	55,000	133,000
10 Kansas City	------	------	------
11 Dallas	775,000	521,000	3,587,000
12 San Francisco	12,912,000	11,450,000	11,398,000
Grand Total	$127,062,000	$119,682,000	$190,010,000

Increase for month $7,380,000 Decrease for year $62,948,000

ACCORDING TO NATURE OF CREDIT

	Feb. 27, '43	Jan. 30, '43	Feb. 28, '42
Imports	$59,917,000	$57,111,000	$112,448,000
Exports	14,398,000	12,269,000	18,453,000
Domestic shipments	11,586,000	11,052,000	13,744,000
Domestic warehouse credits	29,164,000	27,349,000	30,496,000
Dollar exchange	403,000	359,000	2,323,000
Based on goods stored in or shipped between foreign countries	11,594,000	11,542,000	12,546,000

BILLS HELD BY ACCEPTING BANKS

Own Bills $64,362,000 Bills of Others $37,595,000 Total $101,957,000

Increase for month $6,654,000

CURRENT MARKET RATES ON PRIME BANKERS ACCEPTANCES MARCH 18, 1943

Days	Dealers' Buying Rates	Dealers' Selling Rates
30	½	7/16
60	½	7/16
90	½	7/16
120	9/16	½
150	⅝	9/16
180	⅝	9/16

The following table, compiled by us, furnishes a record of the volume of bankers' acceptances outstanding at the close of each month since March 30, 1940:

1940—		1941—		1942—	
Mar. 30	$229,705,000	Mar. 31	$217,312,000	Mar. 31	$182,675,000
Apr. 30	223,305,000	Apr. 30	219,561,000	Apr. 30	177,293,000
May 31	213,685,000	May 31	215,005,000	May 29	173,906,000
June 29	206,149,000	June 30	212,932,000	June 30	162,849,000
July 31	188,350,000	July 31	209,899,000	July 31	156,302,000
Aug. 31	181,813,000	Aug. 30	197,472,000	Aug. 31	139,304,000
Sept. 30	176,614,000	Sept. 30	176,801,000	Sept. 30	123,494,000
Oct. 31	186,786,000	Oct. 31	184,806,000	Oct. 31	118,581,000
Nov. 30	196,683,000	Nov. 29	193,590,000	Nov. 30	116,067,000
Dec. 31	208,659,000	Dec. 31	194,220,000	Dec. 31	118,039,000
1941—		1942—		1943—	
Jan. 31	$212,777,000	Jan. 31	$197,278,000	Jan. 30	$119,682,000
Feb. 28	211,865,000	Feb. 28	190,010,000	Feb. 27	127,062,000

N. Y. Reserve Bank Index At Record In January

During January the seasonally adjusted index of production and trade computed at the Federal Reserve Bank of New York rose one point to 125% of estimated long-term trend, equal to the record set in November and ten points above the level of January, 1942, the Reserve Bank recently announced.

The Bank further stated:

"The rise in the index between December and January reflected primarily retail trade activity, as evidenced by a seven-point advance in the group index measuring distribution to consumer. Declines from their December peaks in sales by department stores and variety chain systems were much less marked than usual. Sales by mail order houses were also off less than seasonally in January.

"Productive activity in January held close to the record level reached in the preceding month. The manufacture of war goods expanded further in January and steel production was somewhat higher than in December. Nevertheless, the component index of the output of producers' durable goods declined slightly owing primarily to the effect of a further sharp contraction in nonresidential construction. The producers' nondurable goods index, on the other hand, advanced two points between December and January, reflecting in part an increase in the daily rate of cotton consumption. Electric power production in January increased slightly over December, although some decline usually occurs between these months. The consumers' nondurable goods group showed a drop of six points, chiefly as the result of a decline in meat packing and the failure of tobacco manufacturing to show the usual seasonal increase."

INDEXES OF PRODUCTION AND TRADE

100=estimated long term trend

	1942			1943
	Jan.	Nov.	*Dec.	*Jan.
†Index of Production and Trade	115	125	124	125
Production	121	134	136	135
Producers' goods—total	140	171	171	172
Producers' durable goods	151	206	207	206
Producers' nondurable goods	127	131	131	133
Consumers' goods—total	97	88	91	87
Consumers' durable goods	68	38	39	40
Consumers' nondurable goods	107	105	108	102
Durable goods—total	127	157	157	157
Nondurable goods—total	115	116	117	115
Primary distribution	113	141	142	144
Distribution to consumer	103	93	83	90
†Miscellaneous services	111	153	153	151

*Indexes are preliminary.

Series are adjusted individually for estimated long term trend and seasonal variations; those reported in dollars are also adjusted for price changes.

Tabulations (from 1919, monthly) of the indexes given above are available upon request. Composition and weights are shown on a separate release, "Composition of Production and Trade Indexes." See description in "Journal of the American Statistical Association," June, 1938, pp. 341-8, and September, 1941, pp. 423-5. Reprints available upon request.

†October, 1942 indexes revised as follows: Production and Trade, 123; Miscellaneous services, 143.

Civil Engineering Construction $55,634,000 For Week

Civil engineering construction volume for the week totals $55,634,000, a decrease of 38% from the preceding week, and 80% below the volume for the corresponding 1942 week as reported by "Engineering News-Record" on March 18. Private work is 1% below a week ago, and 67% below a year ago. Public construction is 40 and 80% lower, respectively, than last week and last year, as both Federal work and State and municipal construction are lower. The report added:

The current week's volume brings 1943 construction to $764,911,000, an average of $69,537,000 for each of the 11 weeks of the year. On the weekly average basis, the 1943 total is 54% below the $1,815,793,000 reported for the 12-week period last year. Private construction, $66,337,000, is 57% lower, and public construction, $698,574,000, is down 54% when adjusted for the difference in the number of weeks.

Construction volumes for the 1942 week, last week, and the current week are:

	Mar. 19, 1942	Mar. 11, 1943	Mar. 18, 1943
Total Construction	$273,702,000	$90,400,000	$55,634,000
Private Construction	13,523,000	4,483,000	4,444,000
Public Construction	260,179,000	85,917,000	51,190,000
State and Municipal	13,350,000	2,089,000	1,914,000
Federal	246,829,000	83,828,000	49,276,000

In the classified construction groups, gains over last week's totals are in commercial building and large-scale private housing, and earthwork and drainage. All classes of work are below their respective 1942 week's totals. Sub-totals for the week in each class of construction are: waterworks, $480,000; sewerage, $494,000; bridges, $514,000; industrial buildings, $1,470,000; commercial buildings, $2,974,000; public buildings, $30,682,000; earthwork and drainage, $304,000; streets and roads, $2,613,000; and unclassified construction, $16,103,000.

New capital for construction purposes for the week, $555,000, is made up entirely of State and municipal bond sales. The week's new financing brings 1943 volume to $59,314,000 for the 11-week period, a figure that compares with $1,412,006,000 for the 12 weeks in 1942.

February Life Insurance Sales Decline

The sales of ordinary life insurance in the United States in February amounted to $508,908,000, a decline of about 22% from the volume sold in the corresponding period of 1942, according to the monthly survey issued by the Life Insurance Sales Research Bureau, Hartford, Conn. The total sales volume for the first two months of 1943, aggregating $994,690,000, is about 41% below the amount sold in the same period of 1942.

The sales volume and the ratios for all sections are reported by the Bureau as follows:

	FEBRUARY 1943		YEAR TO DATE	
	Sales Volume in $1,000	Ratios '43-'42 All Cos.	Sales Volume in $1,000	Ratios '43-'42 All Cos.
U. S. Total	$508,908	78%	$994,690	59%
New England	36,761	71	76,157	56
M. Atlantic	136,677	76	273,972	55
E. N. Central	117,268	81	225,584	61
W. N. Central	49,563	80	96,247	64
S. Atlantic	49,708	80	93,369	60
E. S. Central	19,722	78	37,853	58
W. S. Central	37,235	83	71,368	63
Mountain	13,752	87	26,550	70
Pacific	48,222	80	93,590	66

Commercial Paper Outstanding

The Federal Reserve Bank of New York announced on March 16 that open-market commercial paper outstanding on Feb. 27 amounted to $209,100,000, according to reports received by the bank from commercial paper dealers. This was a decline of $11,300,000, or 5%, from Jan. 30, 1943, and a decline of $179,300,000, or 43%, from the Feb. 28, 1942, total. This was the twelfth successive monthly decline.

Following are the totals for the last two years:

1943—	$	1941—	$
Feb. 27	209,100,000	Jan. 31	380,600,000
Jan. 30	220,400,000	Dec. 31	374,500,000
1942—		Nov. 29	387,100,000
Dec. 31	229,900,000	Oct. 31	377,700,000
Nov. 30	260,600,000	Sept. 30	370,500,000
Oct. 31	271,400,000	Aug. 30	353,900,000
Sept. 30	281,800,000	July 31	329,900,000
Aug. 31	297,200,000	June 30	299,000,000
July 31	305,300,000	May 31	295,000,000
June 30	315,200,000	Apr. 30	274,600,000
May 29	354,200,000	Mar. 31	263,300,000
Apr. 30	373,100,000	Feb. 28	240,700,000
Mar. 31	384,300,000		
Feb. 28	388,400,000		

Jan. Building Permit Valuations Down 62% From Year Ago—Non-Residential Decline Sharpest

January building permit valuations were 62% lower than during January, 1942, Secretary of Labor Frances Perkins reports. "The most pronounced decline, 85%, occurred in the value of new non-residential buildings," she said. "The value of new residential building decreased 34% while additions, alterations and repairs to existing structures showed a drop of 58%."

Secretary Perkins further said:

"From December, 1942 to January, 1943, there was a decrease of 30% in proposed expenditures for building construction, chiefly as a result of the 75% drop in new non-residential building, and a 13% decline in additions, alterations and repairs. Permit valuations for new residential construction rose 36% during the month, due to the public housing program for war workers."

The Labor Department's announcement continued:

"These tabulations, compiled by the Bureau of Labor Statistics, include contracts awarded by Federal and State Governments in addition to private and municipal building construction. For January, 1943, Federal and State construction in the 2,421 reporting cities totaled $34,674,000; for December, 1942, $54,025,000; and for January, 1942, $88,582,000.

Changes in permit valuations between January, 1943, December, 1942, and January, 1942, in the 2,421 reporting cities are summarized below:

Class of construction	Percentage change from Dec. 1942 to Jan. 1943	Percentage change from Jan. 1942 to Jan. 1943
New residential	+36.1	—33.7
New non-residential	—74.6	—85.3
Additions, alterations, and repairs	—13.1	—57.5
All constructions	—29.5	—62.4

"Permits were issued in the 2,421 reporting cities in January, 1943, for new housekeeping dwellings which will provide 19,632 units, or 63% more than the 12,034 dwelling units provided in December, 1942, and 7% more than the number provided in January, 1942. Dwelling units in publicly financed projects included in these totals numbered 14,518 in January, 1943, 4,836 in December, 1942, and 4,036 in January, 1942. In addition, the Federal Government awarded contracts in January, 1943, for dormitories providing accommodations for 500 persons. In December, 1942, 1,240 dormitory units were provided.

"Principal centers of various types of building construction for which permits were issued or contracts were awarded in January, 1943, except projects which have been excluded because of their confidential nature, were: Hartford, Conn., 1-family dwellings to cost $432,000; Medford, Mass., department stores to cost $200,000; West Hartford, Conn., 1-family dwellings to cost $702,000; Pittsburgh, Pa., factories to cost $220,000; Upper Darby, Pa., 2-family dwellings to cost $300,000; Akron, Ohio, 1-family dwellings to cost $285,000; Cleveland, Ohio, 1-family dwellings to cost $204,000; Columbus, Ohio, 1-family dwellings to cost $298,000; Detroit, Mich., 1-family dwellings to cost $608,000 and 2-family dwellings to cost $348,000; Alexandria, Va., 1-family dwellings to cost $230,000; Baltimore, Md., 2-family dwellings to cost $298,000; Norfolk, Va., 1-family dwellings to cost $225,000; Washington, D. C., multifamily dwellings to cost $1,980,000; and Los Angeles, Calif., 1-family dwellings to cost $436,000 and factories to cost $584,000.

"In addition, contracts were awarded during January, 1943, for the following publicly financed housing projects containing the indicated number of housekeeping units: East Hartford, Conn., $1,343,000 for 726 units; Hartford, Conn., $387,000 for 252 units; Stratford, Conn., $923,000 for 400 units; West Hartford, Conn., $702,000 for 818 units; Presque Isle, Me., $118,000 for 60 units; Newport, R. I., $193,000 for 105 units; Philadelphia, Pa., $683,000 for 300 units; Detroit, Mich., $2,921,000 for 1,273 units; Muskegon, Mich., $298,000 for 124 units; Akron, Ohio, $1,372,000 for 500 units; Massillon, Ohio, $364,000 for 200 units; Salina, Kans., $226,000 for 100 units; Tampa, Fla., $1,680,000 for 600 units; Brunswick, Ga., $2,619,000 for 1,100 units; Charleston, S. C., $2,251,000 for 1,286 units; Portsmouth, Va., $2,141,000 for 1,075 units; Decatur, Ala., $97,000 for 50 units; Beaumont, Tex., $1,630,000 for 600 units; Douglas, Ariz., $263,000 for 148 units; Cheyenne, Wyo., $627,000 for 325 units; Alameda, Calif., $750,000 for 500 units; Chula Vista, Calif., $515,000 for 304 units; Oakland, Calif., $652,000 for 384 units; Macy, Calif., $340,000 for 200 units; Vallejo, Calif., $541,000 for 344 units and $347,000 for dormitories; Portland, Ore., $4,415,000 for 2,744 units; Bremerton, Wash., $198,000 for 96 units, and Tacoma, Wash., $1,250,000 for 400 units.

Straus Made Aide

The Senate on March 1 confirmed the appointment of Michael W. Straus of Illinois to be First Assistant Secretary of the Interior. Mr. Straus was named by President Roosevelt on Feb. 18 to succeed Ebert K. Burlew, who resigned because of ill health.

Daily Average Crude Oil Production For Week Ended March 13, 1943 Fell Off 9,900 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended March 13, 1943 was 3,877,300 barrels, a decline of 9,900 barrels from the preceding week. The current figure, however, was 362,000 barrels per day more than in the corresponding period last year, and 316,500 barrels below the daily average figure as recommended by the Petroleum Administration for War for the month of March, 1943. Daily output for the four weeks ended March 13, 1943 averaged 3,877,950 barrels. Further details as reported by the Institute follow:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 3,579,000 barrels of crude oil daily and produced 10,071,000 barrels of gasoline; 3,879,000 barrels of distillate fuel oil, and 7,145,000 barrels of residual fuel oil during the week ended March 13, 1943; and had in storage at the end of that week 93,279,000 barrels of gasoline; 31,113,000 barrels of distillate fuels and 68,243,000 barrels of residual fuel oils. The above figures apply to the country as a whole, and do not reflect conditions on the East Coast.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*P.A.W. Recommendations March	*State Allowables Beginning Mar. 1	—Actual Production— Week Ended Mar. 13 1943	Change From Previous Week	4 Weeks Ended Mar. 13 1943	Week Ended Mar. 14 1942
Oklahoma	390,700	390,700	†327,200	—15,100	341,900	396,250
Kansas	309,900	309,900	†286,900	—12,200	302,250	234,400
Nebraska	2,800		†1,850	— 650	2,350	4,050
Panhandle Texas			88,600	----	88,750	75,900
North Texas			136,150	+ 950	135,500	139,150
West Texas			218,000	----	215,950	146,450
East Central Texas			99,800	----	100,450	78,500
East Texas			323,400	----	324,250	219,750
Southwest Texas			172,400	— 650	167,400	164,100
Coastal Texas			354,200	----	337,550	217,800
Total Texas	1,502,000	‡1,501,801	1,392,550	+ 300	1,369,850	1,041,650
North Louisiana			89,150	— 350	89,800	80,950
Coastal Louisiana			250,600	----	248,550	252,700
Total Louisiana	349,800	370,300	339,750	— 350	338,350	333,650
Arkansas	78,700	74,826	70,800	— 1,300	73,350	70,500
Mississippi	50,000		†53,850	— 1,100	54,250	90,100
Illinois	262,300		251,900	+13,900	240,300	322,800
Indiana	16,500		†14,900	— 1,500	15,300	17,150
Eastern (not incl. Ill. & Ind.)	115,000		92,850	+ 4,550	91,100	97,950
Michigan	63,700		61,100	+ 3,200	58,800	50,900
Wyoming	92,500		87,100	— 150	89,150	92,700
Montana	23,400		17,800	----	19,750	21,450
Colorado	7,000		6,750	+ 100	6,750	6,050
New Mexico	105,800	105,800	92,400	— 4,200	95,550	92,700
Total East of Calif.	3,370,100		3,097,700	—14,500	3,099,000	2,872,300
California	823,700	§823,700	779,600	+ 4,600	778,950	643,000
Total United States	4,193,800		3,877,300	— 9,900	3,877,950	3,515,300

*P.A.W. recommendations and state allowables represent the production of all petroleum liquids, including crude oil, condensate and natural gas derivatives recovered from oil, condensate and gas fields. Past records of production indicate, however, that certain wells may be incapable of producing the allowables granted, or may be limited by pipeline proration. Actual state production would, under such conditions, prove to be less than the allowables. The Bureau of Mines reported the daily average production of natural gasoline and allied products in December, 1942, as follows: Oklahoma, 29,600; Kansas, 5,900; Texas, 107,400; Louisiana, 21,500; Arkansas, 2,700; Illinois, 10,200; Eastern (not including Illinois and Indiana), 12,600; Michigan, 100; Wyoming, 2,500; Montana, 400; New Mexico, 5,700; California, 43,900.

†Oklahoma, Kansas, Nebraska, Mississippi, Indiana figures are for week ended 7 a.m. March 10.

‡This is the net basic allowable as of March 1 calculated on a 31-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 3 to 14 days, the entire state was ordered shutdown for 11 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 11 days shut-down time during the calendar month.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED MARCH 13, 1943

(Figures in Thousands of barrels of 42 Gallons Each)

Figures in this section include reported totals plus an estimate of unreported amounts and are ——therefore on a Bureau of Mines basis——

District—	Daily Refining Capacity Potential Rate	% Reporting	Crude Runs to Stills Daily Average	% Operated	§Gasoline Production at Refineries Includ. Natural Blended	‡Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuels	‡Stocks of Residual Fuel Oil
*Combin'd: East Coast, Texas Gulf, Louisiana Gulf, North Louisiana - Arkansas and Inland Texas	2,444	88.7	1,585	64.9	4,341	39,403	14,009	9,646
Appalachian	177	84.8	142	80.2	409	2,854	712	506
Ind., Ill., Ky.	811	85.0	739	83.9	2,258	20,699	3,347	2,704
Okla., Kansas, Mo.	416	80.1	349	83.9	1,126	7,456	1,506	1,367
Rocky Mountain	147	48.0	87	59.2	272	2,081	352	533
California	817	89.9	677	82.9	1,665	20,786	11,187	53,487
Tot. U. S. B. of M. basis Mar. 13, 1943	4,812	86.2	3,579	74.4	10,071	†93,279	31,113	68,243
Tot. U. S. B. of M. basis March 6, 1943	4,812	86.2	3,626	75.4	10,058	92,845	31,668	68,782
U. S. Bur. of Mines basis Mar. 14, 1942			3,568		11,478	109,281	32,042	84,730

*At the request of the Petroleum Administration for War. †Finished, 83,234,000 barrels; unfinished, 10,045,000 barrels. ‡At refineries, at bulk terminals, in transit and in pipe lines. §Not including 3,879,000 barrels of gas oil and distillate fuel oil and 7,145,000 barrels of residual fuel oil produced in the week ended March 13, 1943, which compares with 3,731,000 barrels and 7,106,000 barrels, respectively, in the preceding week, and 3,661,000 barrels and 6,344,000 barrels, respectively, in the week ended March 14, 1942.

Labor Bureau's Wholesale Commodity Index Reaches New High During Week Ended Mar. 13

The U. S. Department of Labor announced on March 18 that, led by continued sharp advances for farm products, principally fruits and vegetables and livestock and poultry, the Bureau of Labor Statistics' comprehensive index of prices in primary markets again moved up by 0.3% and reached a new high during the week ended March 13. At 103.2% of the 1926 average the all-commodity index shows a rise of more than 1% in the past four weeks.

The Department's announcement also stated:

"**Farm products and foods**—With sharp increases in prices for fresh fruits and vegetables and for livestock, average market prices of farm products rose 1.2% during the week to the highest level since late in 1920. Quotations for onions were up 23%; sweet potatoes, over 20%; and apples, more than 10%. Higher prices were also reported for lemons, oranges, and white potatoes, for cotton and wool, and for eggs. Livestock and poultry advanced 1.6% with prices for hogs and cows up about 2%, and steers and sheep up approximately 1½%. Weakening prices for wheat brought the index for grains down slightly, notwithstanding minor increases in prices for the feed grains—barley, corn and rye, and an advance of over 4% for oats.

"The increase in fruit and vegetable prices also contributed in a large measure to an advance of 0.6% in primary market prices for foods. Prices were also higher for flour, corn meal, oatmeal, and for olive oil.

"**Industrial commodities**—Price changes in industrial commodity markets were confined to a few items which are not under control or for which the ceiling has been recently raised. Higher prices were reported for rosin and for turpentine. Adjusted ceiling prices for yellow pine lumber early in February brought boards up slightly while finished lumber declined. Mixed fertilizers continued to reflect the upward revision in ceiling prices for some areas.

"Paper and pulp averaged 1.4% higher during the week because of additional gains in prices for boxboard together with higher quotations for newsprint paper as of the first of March."

The following notation was made:

"During the period of rapid changes caused by price controls, materials allocation, and rationing the bureau of Labor Statistics will attempt promptly to report changing prices. Index marked (*), however, must be considered as preliminary and subject to such adjustment and revision as required by later and more complete reports."

The following table shows index numbers for the principal groups of commodities for the past three weeks, for Feb. 13, 1943, and March 14, 1942, and the percentage changes from a week ago, a month ago, and a year ago:

(1926=100)

Commodity Groups—	3-13 1943	3-6 1943	2-27 1943	2-13 1943	3-14 1942	Percentage changes to Mar. 13, 1943 from 3-6 1943	2-13 1943	3-17 1942
All commodities	*103.2	*102.9	*102.7	*102.1	97.1	+0.3	+1.1	+ 6.3
Farm products	123.5	122.0	121.2	118.6	102.3	+1.2	+4.1	+20.7
Foods	107.0	106.4	106.0	105.5	95.8	+0.6	+1.4	+11.7
Hides and leather products	118.4	118.4	118.4	118.4	116.4	0	0	+ 1.7
Textile products	96.8	96.8	96.8	96.8	95.9	0	0	+ 0.9
Fuel and lighting materials	80.7	80.9	80.7	80.4	78.2	—0.2	+0.4	+ 3.2
Metals and metal products	*103.9	*103.9	*103.9	*103.9	103.7	0	0	+ 0.2
Building materials	110.4	110.1	110.0	110.1	110.2	+0.3	+0.3	+ 0.2
Chemicals and allied products	100.0	99.9	100.3	100.0	97.1	+0.1	0	+ 3.0
Housefurnishing goods	104.2	104.1	104.1	104.1	104.1	+0.1	+0.1	+ 0.1
Miscellaneous commodities	91.2	91.0	90.9	90.6	89.4	+0.2	+0.7	+ 2.0
Raw materials	112.1	111.2	110.6	108.9	97.4	+0.8	+2.9	+15.1
Semimanufactured articles	92.9	92.9	92.8	92.7	92.1	0	+0.2	+ 0.9
Manufactured products	*100.6	*100.6	*100.5	*100.5	97.9	0	+0.1	+ 2.8
All commodities other than farm products	*98.8	*98.7	*98.7	*98.6	95.9	+0.1	+0.2	+ 3.0
All commodities other than farm products and foods	*96.6	*96.6	*96.5	*96.4	95.2	0	+0.2	+ 1.5

*Preliminary.

Non-Ferrous Metals—Copper Allocations For April Released—WPB Limits Use Of Osmium

Editor's Note.—At the direction of the Office of Censorship certain production and shipment figures and other data have been omitted for the duration of the war.

"E. & M. J. Metal and Mineral Markets," in its issue of March 18, stated: "Interest in major non-ferrous metals during the last week centered in the allocation of copper for the huge April needs of the war industries. Zinc business was quiet, owing to the restrictions on the use of this metal for civilian purposes. Lead sales again were in good volume, with consumption increasing in some classifications. The labor situation at tin mines in Bolivia is improving. Osmium, one of the metals in the platinum group, has been placed under control of WPB because of growing war demands. The general price structure for non-ferrous metals showed no change." The publication further went on to say in part:

Copper

The Copper Branch of WPB held to its program and released allocation certificates to brass and wire mills on March 15. This prompt action will enable sellers to expedite the movement of the metal from the refineries. The tonnage allocated to the war plants for April is said to be of record proportions.

Peru's exportable surplus of copper in 1942 was estimated at 36,965 metric tons, according to "Foreign Commerce Weekly," issued by the Department of Commerce. Of this tonnage, 28,000 tons is in the form of blister and the remainder was contained in concentrates and other products.

E. T. Stannard, President of Kennecott Copper Corp., informed stockholders last week that the Utah property in 1942 maintained its position as the largest copper-producing unit in the world. Copper production in 1942 from both foreign and domestic properties of Kennecott exceeded that of any previous year.

Price ceilings for 16 new grades of copper and copper alloy scrap were announced on March 13 by OPA. In issuing Maximum Price Regulation No. 20 in its latest form, to become effective March 22, specific prices now cover the entire field of copper scrap. The general level of prices for scrap has not been changed.

Lead

Sales of lead again were in good volume, with battery and cable manufacturers showing most interest. Pigments continue inactive as an outlet for lead. Demand for sheet lead and pipe has moderated, compared with this time last year. The quotation for common lead continued at 6.50¢, New York, and 6.35¢, St. Louis.

Lead producers will consult with WPB officials in Washington on March 25 in reference to April allocations of metal by Metals Reserve Co.

Zinc

Strange as it may seem, the zinc market finds itself in the position of having more sellers than buyers. This condition reflects the extremely tight control over consumption. However, those producers with surplus metal on their hands find a ready taker in Metals Reserve Co. for stockpiling. Allocations of zinc for April are due next week, but interest in this event is wholly routine. Uncertainty about concentrate supplies is a factor that is controlling WPB in limiting domestic non-essential consumption of zinc. The price situation remains unchanged.

Tin

Tin occurrences in the Bird River area of Manitoba, Canada, are attracting wide interest, particularly among those who are speculatively inclined in the Toronto share market. An investment house describes the find of tin as "phenomenal." Until more is known about the extent of the tin deposits, authorities in New York are rather lukewarm over Canada's prospects of becoming an important tin producer. At present Canada produces no tin ores, according to the Department of Munitions and Supply, Ottawa. However, a small quantity of refined tin is being produced as a byproduct from certain lead-zinc ores mined in British Columbia.

The labor situation in Bolivia has improved and the state of siege at some of the tin properties has been lifted.

The price situation in tin remains unchanged. "Grade A" or Straits quality metal for shipment follows:

	March	April	May
March 11	52.000	52.000	52.000
March 12	52.000	52.000	52.000
March 13	52.000	52.000	52.000
March 15	52.000	52.000	52.000
March 16	52.000	52.000	52.000
March 17	52.000	52.000	52.000

Chinese tin, 99% grade, continued at 51.125¢ a pound.

Osmium

Use of pure osmium, one of the metals in the platinum group, has been prohibited by the War Production Board except for the manufacture of electrical contacts for aircraft. This action was taken in Conservation Order M-302, effective March 16. Civilian consumers must shift to alloys containing osmium.

Growth in use of platinum metals has been sharp, and conservation measures are now in force for virtually the entire group. At present, about one-half of the supply of osmium is being used in war production, WPB reports, the remainder going mainly into pen points and phonograph needles.

Quicksilver

According to the Department of Munitions and Supply, Ottawa, enough quicksilver production has been developed in Canada since the war began to satisfy all Canadian war requirements and provide exports to the United States and the United Kingdom.

Consumption of quicksilver continues at a high rate in this country, but material is available in quantity despite fluctuations in output in some producing areas resulting from unfavorable weather conditions. The stockpile is believed to be substantial. Quotations in New York continued at $196 @ $198 per flask.

Silver

During the past week the silver market in London has been quiet, with the price unchanged at 23½d.

The New York Official and the U. S. Treasury prices are unchanged at 44¾¢ and 35¢, respectively.

Daily Prices

The daily prices of electrolytic copper (domestic and export, refinery), lead, zinc and Straits tin were unchanged from those appearing in the "Commercial and Financial Chronicle" as of July 31, 1942, page 380.

J. P. Mullen Resigns

John P. Mullen, public relations director of the Chicago Mercantile Exchange, has resigned from that position, effective March 13, Mr. Mullen, formerly assistant educational director of the Investment Bankers Association of America, has headed the Exchange's office of information for eight years.

Revenue Freight Car Loadings During Week Ended Mar. 13, 1943 Amounted to 769,042 Cars

Loading of revenue freight for the week ended March 13, 1943 totaled 769,042 cars, the Association of American Railroads announced on March 18. This was a decrease below the corresponding week of 1942, of 30,314 cars or 3.8%, but an increase above the same week in 1941, of 9,435 cars or 1.2%.

Loading of revenue freight for the week of March 13 increased 20,152 cars, or 2.7% above the preceding week.

Miscellaneous freight loading totaled 360,889 cars, an increase of 11,379 cars above the preceding week, but a decrease of 12,982 cars below the corresponding week in 1942.

Loading of merchandise less than carload lot freight totaled 96,619 cars, an increase of 2,890 cars above the preceding week, but a decrease of 50,202 cars below the corresponding week in 1942.

Coal loading amounted to 178,481 cars, an increase of 3,864 cars above the preceding week, and an increase of 22,865 cars above the corresponding week in 1942.

Grain and grain products loading totaled 48,599 cars, a decrease of 1,841 cars below the preceding week, but an increase of 10,366 cars above the corresponding week in 1942. In the Western Districts alone, grain and grain products loading for the week of March 13 totaled 34,453 cars, a decrease of 736 cars below the preceding week but an increase of 10,242 cars above the corresponding week in 1942.

Livestock loading amounted to 12,504 cars, a decrease of 345 cars below the preceding week, but an increase of 1,636 cars above the corresponding week in 1942. In the Western Districts alone, loading of livestock for the week of March 13, totaled 9,456 cars, a decrease of 188 cars below the preceding week, but an increase of 1,317 cars above the corresponding week in 1942.

Forest products loading totaled 42,308 cars, an increase of 2,809 cars above the preceding week but a decrease of 5,178 cars below the corresponding week in 1942.

Ore loading amounted to 14,821 cars, an increase of 1,797 cars above the preceding week and an increase of 2,111 cars above the corresponding week in 1942.

Coke loading amounted to 14,821 cars, a decrease of 400 cars below the preceding week, but an increase of 1,070 cars above the corresponding week in 1942.

All districts reported decreases compared with the corresponding week in 1942, except the Pocahontas, and Southwestern, but all districts reported increases above the corresponding week in 1941 except the Eastern, Allegheny and Northwestern.

	1943	1942	1941
5 weeks of January	3,530,849	3,858,479	3,454,409
4 weeks of February	3,055,640	3,122,942	2,866,565
Week of March 6	748,890	770,485	742,617
Week of March 13	769,042	799,356	759,607
Total	8,104,421	8,551,262	7,823,198

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended March 13, 1943. During this period only 40 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS
(NUMBER OF CARS)—WEEK ENDED MARCH 13

Railroads	Total Revenue Freight Loaded 1943	1942	1941	Total Loads Received from Connections 1943	1942
Eastern District—					
Ann Arbor	252	592	545	1,466	1,478
Bangor & Aroostock	2,382	2,236	2,168	206	208
Boston & Maine	6,289	7,979	8,140	14,591	15,691
Chicago, Indianapolis & Louisville	1,329	1,584	1,355	2,086	2,063
Central Indiana	47	27	22	87	73
Central Vermont	856	1,338	1,380	1,879	2,238
Delaware & Hudson	6,137	6,665	6,498	12,278	12,889
Delaware, Lackawanna & Western	7,591	8,747	9,442	11,614	9,282
Detroit & Mackinac	207	232	212	134	173
Detroit, Toledo & Ironton	1,767	2,180	3,185	1,741	1,881
Detroit & Toledo Shore Line	303	398	384	3,704	3,249
Erie	12 982	13,879	14,167	18,980	16,372
Grand Trunk Western	3,233	4,467	6,061	9,012	8,463
Lehigh & Hudson River	204	228	165	3,298	3,141
Lehigh & New England	1,843	1,871	1,710	1,928	1,939
Lehigh Valley	6,955	9,043	9,562	12,168	9,709
Maine Central	2,443	2,952	3,031	4,137	4,205
Monongahela	6,416	6,518	6,343	377	497
Montour	2,478	2,115	2,246	19	24
New York Central Lines	48,174	46,122	48,524	54,674	55,641
N. Y., N. H. & Hartford	9,868	12,294	11,347	19,823	19,331
New York, Ontario & Western	902	1,144	1,092	2,194	3,067
New York, Chicago & St. Louis	6,359	7,173	5,867	17,014	15,437
N. Y., Susquehanna & Western	459	549	431	2,471	1,400
Pittsburgh & Lake Erie	7,785	8,301	8,026	8,325	8,082
Pere Marquette	4,424	4,979	6,389	7,926	6,725
Pittsburg & Shawmut	749	552	567	13	43
Pittsburg, Shawmut & North	352	435	381	287	333
Pittsburgh & West Virginia	801	770	1,183	3,804	2,259
Rutland	317	551	568	815	1,059
Wabash	5,300	5,937	6,489	13,146	11,334
Wheeling & Lake Erie	4,847	4,881	4,442	6,280	4,255
Total	154,051	166,739	171,922	236,477	222,541
Allegheny District—					
Akron, Canton & Youngstown	692	656	581	1,344	1,091
Baltimore & Ohio	38,970	40,766	38,018	28,389	25,558
Bessemer & Lake Erie	3,233	3,320	4,138	1,299	1,589
Buffalo Creek & Gauley	302	293	288	5	10
Cambria & Indiana	1,961	1,968	1,751	16	13
Central R. R. of New Jersey	6,934	7,919	7,419	20,790	18,115
Cornwall	573	18	624	89	76
Cumberland & Pennsylvania	258	287	321	8	31
Ligonier Valley	136	119	161	39	59
Long Island	916	845	737	3,981	3,844
Penn-Reading Seashore Lines	1,675	1,773	1,371	2,528	2,656
Pennsylvania System	73,428	78,396	75,838	61,654	58,542
Reading Co.	14,673	15,456	16,828	30,903	28,363
Union (Pittsburgh)	20,283	20,139	19,905	4,622	4,020
Western Maryland	4,010	4,048	4,034	13,976	11,695
Total	168,044	176,003	172,014	169,643	155,662
Pocahontas District—					
Chesapeake & Ohio	30,031	25,858	26,979	12,994	11,060
Norfolk & Western	23,767	22,797	23,091	7,329	6,339
Virginian	4,585	4,726	4,434	2,488	1,980
Total	58,383	53,381	54,504	23,211	19,379
Southern District—					
Alabama, Tennessee & Northern	293	345	274	359	366
Atl. & W. P.—W. R. R. of Ala.	799	946	806	2,479	2,128
Atlanta, Birmingham & Coast	673	835	786	1,539	1,474
Atlantic Coast Line	15,337	14,308	11,763	11,613	9,702
Central of Georgia	4,730	4,620	4,745	4,812	4,429
Charleston & Western Carolina	439	431	436	1,713	1,933
Clinchfield	1,781	1,609	1,725	3,146	3,068
Columbus & Greenville	306	274	264	202	251
Durham & Southern	144	182	184	686	572
Florida East Coast	4,027	2,690	1,168	1,654	1,117
Gainesville Midland	46	45	38	115	151
Georgia	1,414	1,515	1,134	2,721	2,538
Georgia & Florida	357	454	365	668	600
Gulf, Mobile & Ohio	3,588	4,315	3,842	6,484	3,593
Illinois Central System	26,486	28,885	23,742	19,957	14,903
Louisville & Nashville	25,039	24,865	25,087	11,733	9,295
Macon, Dublin & Savannah	193	204	164	931	798
Mississippi Central	247	223	231	417	457
Nashville, Chattanooga & St. L.	3,000	3,972	3,249	4,973	3,977
Norfolk Southern	1,166	1,228	1,055	1,555	1,449
Piedmont Northern	349	522	480	1,197	1,402
Richmond, Fred. & Potomac	360	457	393	10,766	10,124
Seaboard Air Line	10,539	11,258	10,147	9,644	7,706
Southern System	22,473	25,453	24,825	24,346	23,333
Tennessee Central	437	620	550	1,077	809
Winston-Salem Southbound	127	163	159	1,012	921
Total	124,350	130,419	117,612	125,799	107,096
Northwestern District—					
Chicago & North Western	13,908	17,342	15,634	12,578	13,583
Chicago Great Western	2,420	2,834	2,460	3,291	3,311
Chicago, Milw., St. P. & Pac.	19,778	21,511	20,810	10,617	9,763
Chicago, St. Paul, Minn. & Omaha	3,306	4,163	3,650	4,023	4,399
Duluth, Missabe & Iron Range	1,306	1,353	805	280	420
Duluth, South Shore & Atlantic	601	717	607	534	580
Elgin, Joliet & Eastern	8,660	10,008	9,883	12,233	10,546
Ft. Dodge, Des Moines & South	372	596	443	109	140
Great Northern	11,406	11,783	10,712	5,375	4,485
Green Bay & Western	480	512	530	824	862
Lake Superior & Ishpeming	207	260	247	50	63
Minneapolis & St. Louis	2,110	2,482	1,781	2,193	2,460
Minn., St. Paul & S. S. M.	4,525	5,412	4,990	3,142	3,647
Northern Pacific	9,685	10,410	9,477	4,642	4,732
Spokane International	93	103	91	394	329
Spokane, Portland & Seattle	2,031	2,736	2,283	3,144	2,608
Total	80,888	92,222	84,403	63,429	61,928
Central Western District—					
Atch., Top. & Santa Fe System	20,420	22,146	18,053	11,968	8,784
Alton	2,818	3,531	3,279	3,930	4,211
Bingham & Garfield	506	786	468	132	126
Chicago, Burlington & Quincy	18,420	16,019	16,330	12,193	10,484
Chicago & Illinois Midland	3,104	2,853	2,668	864	918
Chicago, Rock Island & Pacific	11,728	12,006	11,232	13,363	12,112
Chicago & Eastern Illinois	2,339	2,673	3,017	4,774	3,237
Colorado & Southern	817	843	752	1,970	1,840
Denver & Rio Grande Western	3,375	3,149	2,520	5,384	4,233
Denver & Salt Lake	824	505	620	15	14
Fort Worth & Denver City	999	1,120	916	1,550	1,189
Illinois Terminal	1,527	2,174	1,794	1,630	1,684
Missouri-Illinois	873	1,197	830	546	530
Nevada Northern	2,091	1,913	1,896	118	133
North Western Pacific	888	914	761	640	379
Peoria & Pekin Union	10	20	3	0	0
Southern Pacific (Pacific)	26,501	27,384	24,468	12,960	9,452
Toledo, Peoria & Western	333	254	377	1,704	1,151
Union Pacific System	14,245	15,534	14,780	13,169	11,187
Utah	599	529	409	1	7
Western Pacific	2,088	1,606	1,700	3,271	2,973
Total	114,505	117,156	106,873	90,182	74,650
Southwestern District—					
Burlington-Rock Island	729	683	154	184	262
Gulf Coast Lines	5,733	5,178	3,745	2,190	2,522
International-Great Northern	1,932	2,156	1,741	3,247	2,827
Kansas, Oklahoma & Gulf	303	316	230	1,626	1,053
Kansas City Southern	4,314	3,711	2,183	2,652	2,800
Louisiana & Arkansas	3,301	2,707	2,067	2,482	2,063
Litchfield & Madison	367	417	350	1,207	1,193
Midland Valley	705	498	570	342	226
Missouri & Arkansas	146	226	183	493	458
Missouri-Kansas-Texas Lines	6,019	5,240	4,100	6,356	4,124
Missouri Pacific	15,519	15,523	14,920	17,053	14,878
Quanah Acme & Pacific	333	198	98	263	193
St. Louis-San Francisco	8,255	8,783	8,042	8,873	7,711
St. Louis Southwestern	2,838	3,302	2,643	5,362	5,700
Texas & New Orleans	14,043	10,051	7,272	5,476	4,706
Texas & Pacific	4,162	4,282	3,820	6,396	6,126
Wichita Falls & Southern	98	150	150	35	52
Weatherford M. W. & N. W.	24	15	11	75	26
Total	68,821	63,436	52,279	64,312	56,917

Note—Previous year's figures revised.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity Current	Cumulative
1942—Week Ended—					
Dec 5	150,132	130,761	340,203	82	85
Dec. 12	151,085	137,856	350,011	84	85
Dec. 19	136,363	134,383	350,012	85	85
Dec. 26	118,063	113,600	352,854	72	84
1943—Week Ended—					
Jan. 2	126,844	97,386	379,573	62	84
Jan. 9	134,982	129,365	381,713	82	82
Jan. 16	157,251	137,055	397,437	88	85
Jan. 23	143,028	140,849	398,594	88	86
Jan. 30	152,358	136,645	413,084	88	86
Feb. 6	169,417	140,836	439,304	89	87
Feb. 13	148,687	137,784	446,981	87	87
Feb. 20	141,435	142,932	445,982	91	88
Feb. 27	156,628	147,085	454,308	94	88
Mar. 6	175,178	147,830	480,802	93	89
Mar. 13	166,885	146,062	498,927	93	89

Notes—Unfilled orders of the prior week, plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

From Washington

(Continued from first page)

ville, Va., and at other places—more with a view to doing this than to winning the war.

Well, the argument now being advanced by British circles—coincident with Mr. Eden's visit—is that Britain would like nothing in the world better than to have our assistance in policing Europe but they know our political set-up and they can appreciate what awful problems would be created for our politicians.

For example, when it comes to administering to Italy, are we free to do the right thing? We have millions of Italian-American voters in this country. Whichever way we move, whomever we put in power, factions of these Italian-American voters will be offended and they will take their feeling out on our politicians at the polls. Similarly, Yugo-Slavia, Czecho-Slovakia, Poland, the occupied Scandinavian countries, even France.

We just don't have the political set-up, it would seem, that permits of our trying to handle these problems. Our politicians simply don't have the freedom of action. Now, Britain and Russia—they aren't made up of such heterogeneous hordes. They are relatively homogeneous. The British statesmen understand these things about America, and they want to relieve our statesmen of this embarrassment. Because after all, statesmen should stick together, either that or hang together, to use a trite phrase.

I can't help recalling Hitler's hurt tone when Britain and France declared war on him after his invasion of Poland. He said, in effect, that he had done things the way he had done them to keep from embarrassing the British and French statesmen. He seemed to be downright hurt over the British and French Government's turning on him. He gave the impression of thinking he had really done what had been expected of him all along.

The thing that tickles me about this phase of Eden's visit is that it has thrown the Washington politicians into an awful dither, from the highest on down. Here they were all set to go into the policing of the world to insure the end of wars, and all of a sudden they have sprung on them the domestic political involvements of it. Take Senator Ball of Minnesota, for example. A couple of years ago he was a young reporter on a St. Paul paper. Appointed Senator by the boy wonder Stassen, he has moved right out into the solution of world affairs. The way to solve them is to introduce a resolution.

Until the coming of Stassen and Ball, Minnesota had been looked upon as an "isolationist" State, as the expression goes. But the "vote of confidence" which they have received shows that everybody was all wrong, that Minnesota is an "internationalist" State. The vote of Minnesota in the Presidential campaign and the "vote of confidence" which Stassen and Ball have received, shows, instead, that those of Scandinavian origin outnumber those of German origin in the State.

But wait, say the British circles now, until it comes to policing those Scandinavian countries, reordering them, reestablishing them. Those of Scandinavian extraction won't be unified. Think of the bearing these racial cross currents of American politics would have on Mr. Roosevelt's fourth term ambitions. In short, instead of his having all the voters of European extraction whom Hitler has mistreated, in a solid block, they will be split up into cliques.

Well sir, this argument of the British has certainly got our political gentlemen worrying.

Items About Banks, Trust Companies

Eugene W. Stetson, President of the Guaranty Trust Co. of New York, announced on March 17 the appointment of Robert H. Craft as Vice-President and Treasurer of the company, effective March 31, to succeed Robert L. Garner, Vice-President and Treasurer, who has resigned, effective at the close of business March 31, 1943, to become Vice-President, in charge of finances, of the General Foods Corp., as of April 1, 1943.

Mr. Craft has been with the Guaranty Trust Co. since September, 1929, when he joined the staff of the Guaranty Co., security affiliate of the trust company at that time, as a member of the Investment Advisory Department, says an announcement by the company, which adds:

"In 1933 he was assigned to the Trust Investment Division of the trust company. During most of 1936 he was at the Fifth Avenue office of the trust company in connection with the investment work of the Custody Division there. In 1937 he was appointed Assistant Treasurer and returned to the main office to aid Mr. Garner in the handling of the bank's investment portfolio. In August, 1940, he was appointed a Second Vice-President. During 1940 Mr. Craft had an active part in the bond portfolio conferences that have been conducted in various sections of the country under the auspices of State bankers' groups, and in that capacity addressed numerous regional meetings in New York, Ohio, Florida and New Hampshire."

It is further pointed out that Mr. Craft was appointed Chairman of the Government Securties Committee of the Investment Bankers Association for 1942, and was reappointed Chairman for this year.

Mr. Craft was born in Cedarhurst, L. I., in 1906. He is a graduate of the University of Pennsylvania in the class of 1929.

On March 22 the Guaranty Trust Co. announced the appointments of William C. Lazo, T. Clyde McCarroll and Donald M. Street as Trust Officers and Harry M. Wilson as an Assistant Secretary. Messrs. Lazo and Street were formerly Assistant Trust Officers and Mr. McCarroll was an Assistant Secretary.

At a meeting of the Board of Directors of Sterling National Bank & Trust Co. of New York the following were promoted to be Assistant Trust Officers: Raymond C Claffy, Joseph J. Corradengo and William L. Plator.

Peyton K. Royal was elected Comptroller of the Union Dime Savings Bank, Sixth Avenue and 40th Street, New York City, at the meeting of the Board of Trustees on March 17 according to an announcement made by William L. DeBost, President of the bank. Mr. Royal will be in charge of the Real Estate and Mortgage Department of the bank. After serving in the Navy during the last war, Mr. Royal entered the real estate field in 1919. For many years he was associated with Quinlan & Leland, real estate brokers, specializing in mortgage loans. In 1932 he joined the staff of the Union Dime Savings Bank and in 1935 he was made an Assistant Secretary of the bank, devoting all of his time to the Real Estate and Mortgage Department.

Douglas L. Elliman, President of Douglas L. Elliman & Co., has been elected a Trustee of the Greenwich Savings Bank, New York City.

John F. McPherson, Vice-President of George A. Fuller Co., has been elected a Trustee of the Dry Dock Savings Institution, New York City.

Robert Emmet Dowling, Trustee of the East River Savings Bank of New York since Nov. 8, 1922, died suddenly on March 16 of a heart attack. Mr. Dowling was a Director of the New York Life Insurance Co. and the City Bank Farmers Trust Co.; a Director of the National City Realty Corp. and President of the City Investing Co. and of the 270 Broadway Corp. A native of California, Mr. Dowling came to New York as a young child and attended the public schools and City College. Since 1885 he had engaged in real estate and had been outstanding in his success in the general real estate and brokerage business.

Mr. Dowling was also a Vice-President of the New York Historical Society and served in 1911 on the Governors Factory Investigation Committee to study labor conditions. This Committee grew out of the tragedy of the famous Triangle Factory fire and from it the protection afforded by workmen's compensation laws. Mr. Dowling was the first Chairman of the Workmen's Compensation Commission.

Arthur B. Chapin, retired banker and former Banking Commissioner of Massachusetts, died on March 19 at his home in Holyoke, Mass., at the age of 75. The following from Holyoke is from the Boston "Herald" of March 20:

"In 1897 he was appointed City Solicitor and served four years. He was elected State Treasurer, serving through 1905-1909 and then served as Banking Commissioner from 1909 to 1912, when he was elected Vice-President of the American Trust Co. of Boston. In 1927 he was elected its President and held this office until it was merged with the First National Bank.

"He was Manager of the New York office of the Whiting Paper Co. for two years and in 1932 was elected Treasurer of the Railroad Credit Corp., a Federal agency in Washington, serving six years.

"He was a Director of the Farr Alpaca Co. for many years and four years ago was elected President during its liquidation period. He was a former member of the State Board of Tax Appeals.

Abraham C. Ratshesky, former U. S. Minister to Czechoslovakia and long prominent in banking, politics and relief work, died on March 16 in Beth Israel Hospital, Boston, at the age of 78. Since 1940 Mr. Ratshesky had been Chairman of the Board of Directors of the United States Trust Co. of Boston. He had been President of the institution for 45 years.

A native of Boston, Mr. Ratshesky started in the clothing business and in 1895, with his brother, the late I. A. Ratshesky, founded their own bank. He was appointed Minister to Czechoslovakia in 1930 by President Hoover and resigned in 1930.

L. Otis Ivey, Executive Vice-President of the Citizens National Trust & Savings Bank of Los Angeles, has during the present month been the recipient of congratulations upon the observance of his 40th anniversary of continuous service with the institution. Mr. Ivey, who was born on his father's ranch near San Antonio, Texas, went to Los Angeles with his family at an early age. In March, 1903, he started work with Citizens National Bank as a messenger, when there were only 13 employees. Mr. Ivey's first official recognition came when he was elected Assistant Cashier in 1918. He was made Vice-President in 1923, was elected a Director in 1924, and since 1936 has served as Executive Vice-President and on the bank's executive committee.

The Swiss Bank Corp. announce that the accounts for the year 1942 show net profits, including the carry forward from the previous year of 9,875,180 Swiss francs, against 9,655,966 Swiss francs for 1941. The total assets at the end of 1942 amounted to 1,366,433,327 Swiss francs against 1,370,094,424 Swiss francs. Capital and reserves remained the same, namely, 192,000,000 Swiss francs. Total deposits (including sight, time and fixed) were 1,146,213,611 Swiss francs, as against 1,154,514,837 Swiss francs a year ago.

At the general meeting held on Feb. 26, a dividend of 4% was proposed as for the previous year. The carry forward amounts to 3,475,180.57 Swiss francs against 3,255,965.81 Swiss francs for the previous year.

Introduce Bill To Aid Servicemen's Mtgs.

If a bill (S-755) just introduced in the U. S. Senate by Senator Radcliffe of Maryland is passed, holders of service men's FHA mortgages which go into default will not be forced to begin foreclosure at once but will still have their interests protected under the National Housing Act, Charles A. Mullenix, President of the Mortgage Bankers Association of America, said on March 20.

Under the present law, he said, the Housing Act and the Soldiers' and Sailors' Civil Relief Act conflict in an important respect. The latter seeks to give service men every possible protection in the obligations they have made such as mortgages. Mr. Mullenix also had the following to say:

"Yet at present, under the terms of the Housing Act, if a service man's mortgage goes into default the holder of the loan is required to begin foreclosure within 30 days. If he doesn't, the interest on the debentures he receives from the Federal Housing Administration in foreclosure cases does not begin to accrue—and won't begin until foreclosure is started.

"Mortgage holders do not want to begin foreclosure under such circumstances yet the large majority of these loans are owned by insurance companies and institutional investors which are of a semi-public nature and have a sacred duty to their policy-holders who expect them to utilize every means to protect the investments back of their policies.

"This situation has become embarrassing but under the terms of the Radcliffe Bill the holder will not be forced to foreclose for the duration of the war."

Mr. Mullenix said he expected no opposition to the measure. Washington officials, whose opinions will be sought in consideration of the bill, are understood to have approved.

Business Leaders To Honor Sam W. Reyburn On March 26

In appreciative recognition of the contribution he has made to retail distribution, in which he has spent the best years of his life, Samuel W. Reyburn, recently retired President of the Associated Dry Goods Corporation, and former President of Lord & Taylor, will be the honor guest at a testimonial dinner, sponsored by retail and other business leaders, at the Hotel Pennsylvania, on the evening of Friday, March 26th. Calling attention to Mr. Reyburn's success the Association notes how the task of managing the financial affairs of the Lord & Tayor business extended far beyond the three months' job it was originally intended to be in 1914, to one that continued for 17 years, with his responsibilities expanding in 1916 to include the Presidency of the store and the Associated Dry Goods Corporation which, in addition to Lord & Taylor, includes James McCreery & Co., of New York; Hahne & Co., of Newark, N. J.; J. N. Adam & Co., of Buffalo; The Powers Mercantile Co., of Minneapolis; Stewart & Co., of Baltimore, and the Stewart Dry Goods Co., of Louisville.

Among the first to interview Mr. Reyburn on his arrival in New York from Little Rock, Arkansas, in 1914, was John Hahn, then a newspaperman, and now an official of the National Retail Dry Goods Associaion. Mr. Hahn again interviewed him at the time of his retirement a few weeks ago, and in commenting on Mr. Reyburn's record between those two interviews, he says among other expressions of commendation "he came to be one of New York's best-liked merchants, and Lord & Taylor one of America's most successful retail stores."

Churchill Proposes New World Organization Of European & Asiatic Councils To Preserve Peace

British Prime Minister Winston Churchill proposed on March 21 that the United States, Soviet Russia and Great Britain begin to confer upon the future world organization to prevent further wars by disarming the guilty States, punishing the "grand criminals" and aiding the subjugated countries.

In a radio broadcast, the Prime Minister said that under a world institution embodying or representing the United Nations, and some day all the nations, he could imagine there coming into being a Council of Europe and a Council of Asia.

Not attempting to prophesy, Mr. Churchill said he would "imagine that some time next year—but it may well be the year after—we might beat Hitler," and, he added, "by which I mean, beat him and his powers of evil into death, dust and ashes." He further said:

"In my opinion, the moment when Hitler is beaten and Germany and Italy are prostrate will mark the grand climax of the war and that will be the time to make a new declaration upon the task before us. We and our allies will have accomplished one great task. I repeat, one great task."

As to his proposal for a Council of Europe, the Prime Minister said it must eventually embrace the whole of Europe and must be made "into a really effective league, with all strongest forces concerned woven into its texture, with a high court to adjust disputes and with forces, armed forces, national or international or both, held ready to enforce these decisions and to prevent renewed aggression and preparation of future wars."

Mr. Churchill cited the League of Nations as a foundation for his world organization. He warned, however, against attempting now "to plunge into details and try to prescribe the exact groupings of states or lay down precise machinery for their cooperation or, still more to argue about frontiers now while the war even in the West has not yet reached its full height, while the struggle with the U-boats is raging and when the war in the Far East is only in its first phase."

The Prime Minister also outlined a four-year plan for post-war Britain covering compulsory insurance, unemployment, agriculture, public health, education and rebuilding of cities and towns.

He called for "sound and modernized finance, a taxation system which would not destroy initiative and enterprise in the post-war years, and for international trade agreements.

Mr. Churchill concluded by warning against diverting attention "to a peace which is still remote" and called for bending "all efforts to the war."

N. Y. Savings Banks Show Continued Gains

Again in February the New York State savings banks showed a large increase in both dollar deposits and new accounts, the Savings Banks Association announced on March 17. "This continues," says the Association, "a trend which has been in effect for over nine months. The gain in dollar deposits amounted to $28,379,000 and the gain in accounts was 15,990. These represent the largest increases in savings for any February during the last ten years."

The Association's announcement further said:

"War bond sales were lower than the preceding month but amounted to $18,407,000, bringing the total of war bonds sold by the savings banks since the campaign started in May, 1941 to approximately $472,000,000, represented largely by Series E bonds. According to a compilation made by the Savings Banks Association, the total number of E bonds issued by the savings banks in the campaign to date exceeds 3,500,000 individual bonds and represents over 300,000 man-hours of work contributed by the savings banks to the furtherance of the war bond campaign."

Welles To Address N. Y. Chamber Meeting

Sumner Welles, Under Secretary of State, will address the members of the Chamber of Commerce of the State of New York at the next monthly meeting on April 1. The subject of his address, which will be broadcast by the National Broadcasting Co. over a national hookup from 12:30 to 1 p.m., will be announced later. Frederick E. Hasler, President, will preside at the meeting which will be held in the Great Hall of the Chamber Building at 65 Liberty Street.

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